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THE THOMSON CORPORATION

ANNUAL REPORT

1990



# THE THOMSON CORPORATION

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THE THOMSON CORPORATION IS A LEADING NEWSPAPER, SPECIALIZED INFORMATION AND PUBLISHING AND LEISURE TRAVEL GROUP OPERATING PRIMARILY IN NORTH AMERICA AND THE UNITED KINGDOM.

WE SHALL DEVELOP BY ENHANCING AND EXPANDING OUR EXISTING INTERESTS, THROUGH ACTIVE NEW PRODUCT DEVELOPMENT PROGRAMS AND BY ACQUIRING OTHER SUITABLE BUSINESSES, CONCENTRATING ON HIGH QUALITY PRODUCTS IN STRONG OR GROWING MARKETS.

THE THOMSON FAMILY OWNS SOME 70% OF THE CORPORATION'S COMMON SHARES AND THE BALANCE IS HELD BY INSTITUTIONAL AND INDIVIDUAL INVESTORS PRIMARILY IN NORTH AMERICA AND THE UK. THE SHARES ARE LISTED ON THE TORONTO, MONTREAL AND LONDON STOCK EXCHANGES.



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# THE THOMSON CORPORATION

## Summary of Financial Information

Received  
APRIL 23, 1991.

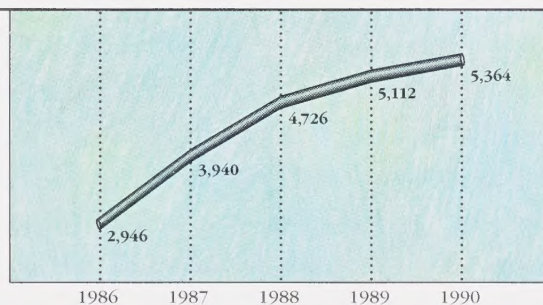
From COLIN  
McCULLOUGH

<i>(millions of US dollars except per share amounts)</i>	1990	1989
Sales	5,364	5,112
Operating profit	726	642
Operating cash flow <sup>(1)</sup>	905	795
Earnings attributable to common shares <sup>(2)</sup>	385	420
Earnings per common share <sup>(2)</sup>	\$0.70	\$0.78
Shareholders' equity	3,266	2,968

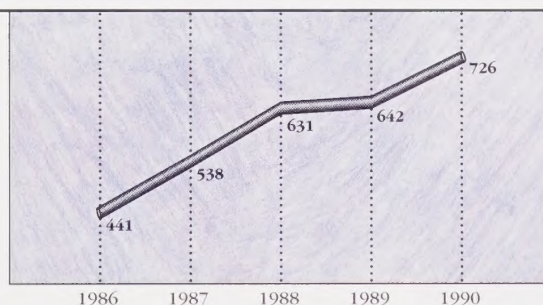
(1) Operating cash flow is operating profit after adding back depreciation.

(2) Earnings attributable to common shares and earnings per common share in 1989 are shown before the extraordinary gain of \$475 million or \$0.88 per common share arising from the sale of the oil and gas operations.

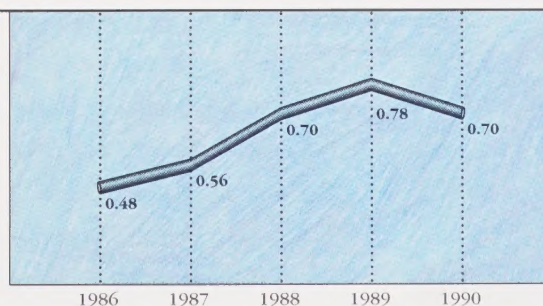
SALES  
*(millions of US dollars)*



OPERATING  
PROFIT  
*(millions of US dollars)*



EARNINGS PER  
COMMON SHARE  
*(US dollars)*



# THE THOMSON CORPORATION

## *Directors' Report*

### *Review of the Year*

AS WE FORECAST IN OUR REPORT LAST YEAR, 1990 PROVED TO BE A CHALLENGING YEAR. WITH A DEEPER RECESSION THAN MANY HAD FORESEEN, ALL OUR BUSINESSES WERE FACED WITH DIFFICULT ECONOMIC CONDITIONS. FORTUNATELY, EARLY IN THE YEAR WE ADOPTED APPROPRIATE POLICIES FOR AN ECONOMIC DOWNTURN. THUS, WHILE OUR OVERALL FINANCIAL RESULTS WERE DISAPPOINTING, WE DID MAKE SIGNIFICANT FURTHER PROGRESS ON BUSINESS DEVELOPMENT. WE ARE NOW WELL-PLACED TO TAKE ADVANTAGE OF THE ECONOMIC UPTURN WHEN IT COMES.

We de-emphasized acquisitions, and benefited from concentrating on our core businesses which were refocused to ensure that each of them capitalizes on its strengths. We continued to spend heavily to optimize the quality and excellence of our existing products and services, and to create additional new products. Further emphasis was placed on sales and marketing, so as to improve our relative position in today's competitive conditions. While we undertook a thorough review of our costs and, as a result, are now a more efficient and hence a more competitive organization, we did not curtail at all spending in the creative areas. We continued to upgrade management to ensure that we have commercial, market-oriented executives, with strong leadership characteristics, in all key positions.

Despite these achievements, we fell short of our financial objectives, largely because of the severity of the economic downturn in the principal economies in which we operate. Total sales increased by 4.9% to \$5,364 million. Thomson Newspapers' (TN) sales increased by 7.1% to \$1,158 million; and Thomson Information/Publishing Group's (TIPG) sales increased by 16.2% to \$2,315 million. Thomson Travel Group's (TTG) sales fell by 7.2% to \$1,891 million, reflecting a reduction in the size of the UK overseas inclusive tour market.

Total operating profit increased by 13.1% to \$726 million. TN's operating profit fell by 11% to \$282 million. TIPG's operating profit increased by 14.5% to \$372 million. TTG's operating profit, including profits arising on the sale of aircraft, was \$72 million, compared with break-even in 1989; and its profit including net interest income was \$121 million, compared with \$44 million. North American activities accounted for 75% of our total operating profit and the UK, other European and Australian activities for 25%.

Earnings attributable to common shares were \$385 million, compared with \$420 million (before extraordinary item) in 1989. Earnings per common share were 70 cents, compared with 78 cents.

Dividends declared payable in 1990 totalled \$242 million, compared with \$218 million in 1989. However, of the 1990 dividends, \$113 million was reinvested in common shares through the operation of the dividend reinvestment plan. The dividend declared payable on June 17, 1991 has been maintained at 11.3 cents per common share.

We continued to modernize and replace our plant and equipment with net capital expenditures



*Kenneth R Thomson,  
Chairman, TTC (centre),  
with (left)  
Michael Brown,  
President, TTC and  
(right) John A Tory,  
Deputy Chairman, TTC*

## THE THOMSON CORPORATION

### *Directors' Report*

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totalling \$324 million. In addition, we spent \$315 million on acquisitions, the principal investment being \$272 million to acquire five US newspapers.

#### *Management and Staff*

Robert Hall was appointed Chief Executive Officer of TIPG and an Executive Vice-President of The Thomson Corporation (TTC) on the retirement from full-time executive duties of Robert Jachino. We owe a tremendous debt of gratitude to Bob for his outstanding contribution to the development of TIPG over many years and we are delighted that he will be continuing as its non-executive Chairman. Paul Brett, Chief Executive Officer of TTG and a Vice-President of TTC, was appointed an Executive Vice-President of TTC.

We are grateful to all our staff for their response and performance during a very difficult year of challenge and adjustment. We have largely completed the upgrading of our management which has involved many internal promotions, and we are seeing the benefit of our executive development programs. In addition, we have recruited outstanding executives from outside TTC who bring to us useful new dimensions and good experience. While we probably now need a period of relative stability to give our executives the chance to settle down and to perform to their full potential, overall we believe that our managements are as good as any in the industries we serve.

#### *Strategy and Outlook*

TTC is a market-driven, aggressively-managed group, which provides high quality products and services, largely in English-speaking countries, to information, publishing and newspaper marketplaces and to leisure travellers from the UK.

Emphasis is placed on product quality and leadership positions, and the bulk of TTC's future growth will be organically generated, supplemented where appropriate by selective, high quality acquisitions. A decentralized management structure encourages day-to-day decision-making at the business unit chief executive/publisher level, and enlightened personnel policies and management development programs provide a well-experienced and motivated executive group as well as providing for succession. Management must remain the best in each sector served.

High performance standards are set in each business for revenue generation and operating margin. Profits are arrived at after adequate provision for maintenance or increase of market share, subscriber levels or their equivalent; for expenditures on marketing; and for investment in product creation and enhancement. While financial objectives require that each business be the best performer in its sector and marketplace, each year TTC sacrifices some immediate profit for the benefit of the longer term. Capital expenditures are incurred to ensure that TTC remains modern and fully competitive.

THOMSON NEWSPAPERS • In TN, we are spending heavily to enhance the quality of our newspapers and we believe that we are now providing excellent value to



(Left to right)  
Robert C Hall,  
Chief Executive Officer,  
Thomson Information/  
Publishing Group;  
Paul Brett,  
Chief Executive Officer,  
Thomson Travel Group;  
Michael W Johnston,  
Chief Executive Officer,  
Thomson Newspapers.  
All are Executive  
Vice-Presidents of TTC

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## *Directors' Report*

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our customers. Most importantly, following the good circulation gains we made in 1989 in both Canada and the US, we achieved a further worthwhile increase in aggregate circulation in the very challenging circumstances of 1990.

Organic development provides the principal growth opportunity for TN, and we are likely to restrict acquisition activity to tactical prospects which relate closely to existing publications or enhance our competitive position.

Markets are tougher than for many years and they will continue to present a formidable challenge. Thus, while retaining our traditional strengths in production efficiency, increasing emphasis is being placed on marketing in order to maximize our revenue growth. We believe that we are in a strong position to take advantage of any recovery in our marketplaces, and we are convinced that good opportunities remain for a creative, well-managed newspaper group.

**THOMSON INFORMATION/PUBLISHING GROUP** • TIPG has grown rapidly in recent years, primarily through acquisition. The overriding priority now is to optimize the potential of the excellent base we have created. Accordingly, while several relatively small acquisitions were made in 1990, we concentrated on the development of our existing businesses. We continued to enhance our existing products and to create new products on an ever-increasing scale. In addition, record sums are being spent on marketing, which is absolutely vital to our future success. As a result, we are holding, and in many cases gaining, market share and strengthening our leadership positions.

Wherever there is a really good fit or an exceptional opportunity, we will continue to pursue acquisitions vigorously. However, organic expansion will be TIPG's principal means of growth through the 1990s.

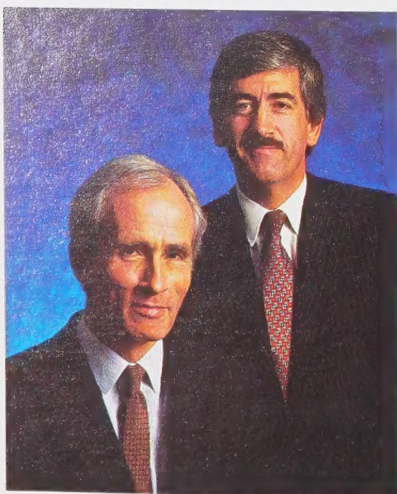
Even in today's unfavourable economic conditions, we see opportunities for us to gain competitive advantages. With clearly differentiated, high added-value publications and services, TIPG is showing its strong defensive features and continues to be a high-potential business.

**THOMSON TRAVEL GROUP** • TTG retains clear market leadership in all sectors of the UK overseas leisure travel market in which it operates. Following our success in 1990 in raising tour operating margins, our strategy for summer 1991 was to launch a low-risk program with unchanged capacity

and higher prices that would enable us to further increase margins. As in 1990, all our major competitors followed our capacity and price policies. Initially the level of bookings was encouraging but it declined substantially during the period of hostilities in the Gulf region. Following the end of the war and the cessation of trading by our largest competitor, bookings have recovered strongly and we expect that this situation will continue.

Beyond 1991, we intend to seek further improvements in tour operating margins and will continue the process of differentiating our products from those of our competitors on the basis of our high quality.

*Mark D Knight (left)  
Vice-President and  
Secretary, TTC and  
Nigel R Harrison,  
Executive Vice-President  
and Chief Financial  
Officer, TTC*



# THE THOMSON CORPORATION

## *Directors' Report*

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To match our customers' needs more closely, we have begun the introduction of medium-sized aircraft into Britannia Airways' fleet. As Lunn Poly is the leading chain in leisure travel retailing, we expect this business to continue to grow organically with little need for the investment of further development funds.

We believe that the UK overseas leisure travel industry is stabilizing, and certainly our competitive position is a strong one. With such a well-positioned base and high reputation, we believe that this market will continue to provide us with good growth opportunities and increasing profits in the years ahead.

**TTC OUTLOOK** • We will continue to conduct our businesses efficiently and competitively. We have the determination to succeed and we look beyond the current economic uncertainties to realizing the long-term potential inherent in our high quality, growth-oriented businesses.

As we now have such a strong and sizable base, we will rely principally on organic growth for our future expansion, and we will support our opportunities with ever-growing spending on product enhancement, marketing and new product development. We will keep our production and administration costs under control as our marketplaces recover, and this will give us good profit leverage.

Our managerial and financial capacity to make carefully selected acquisitions will progressively improve but we do not envisage these being the driving force over this decade. With excellent management and competitive, market-oriented operations, we look to the future with confidence.

Approved by the board



Kenneth R Thomson, Chairman



Michael Brown, President

## THOMSON NEWSPAPERS

### Review of Operations

WHILE 1990 WAS A DISAPPOINTING YEAR FINANCIALLY FOR THOMSON NEWSPAPERS (TN), SUBSTANTIAL PROGRESS WAS MADE IN UPGRADING THE QUALITY OF OUR NEWSPAPERS, IN IMPROVING OUR MARKETING EFFECTIVENESS, AND IN OUR NEW PRODUCT DEVELOPMENT PROGRAMS. AS A RESULT, WE INCREASED CIRCULATION AS WELL AS OUR SHARE OF TOTAL ADVERTISING IN OUR MARKETPLACES.

Excluding acquisitions, there was only modest sales growth which was generated from rate increases and from new products. We were adversely affected by the economic recession and our advertising lineage was 2.6% below the 1989 level. Although spending on upgrading our newspapers, on creating new products and on increased marketing activity contributed to a lower operating profit, we are confident that this will provide a more secure base for future profit growth.

Despite declines at some of our large metropolitan newspapers, product enhancement and marketing initiatives enabled us to raise circulation elsewhere. Overall, we achieved a 0.7% increase in aggregate circulation in a very difficult trading environment.

The impact of the recession is most apparent in metropolitan areas. Our nine largest dailies in the US, together with those in Winnipeg and Victoria, Canada, suffered a significant reduction in operating profit, and 'The Globe and Mail', Toronto, our largest newspaper, was particularly adversely affected.

A number of steps have been taken to

refocus editorial content and to reduce costs, without impairing product quality. At 'The Globe and Mail', the size of the Saturday Focus section has been increased, Western Canadian business coverage is being expanded and a new foreign bureau opened. A circulation campaign, specifically aimed at increasing The Globe's circulation in several of Canada's major cities, is under way. We also plan to develop The Globe's advertising base by providing combination rates in conjunction with several of our other newspapers.

We believe that concentrating on better quality, more creative and dynamic products, vigorously marketed, will lead to superior real growth. The major emphasis in 1990 was therefore on both enhancing our existing publications and on complementing them with new products. The number of editorial pages was increased and over 500 staff were added to support our new product development, marketing and product improvement programs. More than 200 new products were introduced during the year, ranging from the 149,000 circulation 'Coal Chronicle', a supplement to our West Virginia newspapers that serve areas where the coal industry plays a prominent role, to weekly editions zoned for small communities within a daily newspaper's circulation area. New publications were also created to serve the farming, real estate and automobile sectors. In addition, to maximize our advertising coverage, we started publications aimed specifically at small businesses that do not advertise regularly in our full-service newspapers.

Five Sunday editions were launched in

*'The Globe and Mail',  
Toronto, was re-designed  
during the year*



*Before*

*After*

# THOMSON NEWSPAPERS

## Review of Operations



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The above daily newspapers in Canada and the US, are representative of the 163 dailies and 70 weeklies TN publishes in North America

A 'Cape Breton Post'—Sydney, Nova Scotia • B 'The Daily Courier'—Kelowna, British Columbia • C 'The Saturday Telegram'—Rocky Mount, North Carolina • D 'The Evening Sun'—Hanover, Pennsylvania • E 'The Oshawa Times'—Ontario • F 'The Intelligencer'—Belleville, Ontario • G 'The Coshocton Tribune'—Ohio • H 'Charleston Daily Mail'—West Virginia • I 'Times-Colonist'—Victoria, British Columbia • J 'The Chronicle-Journal/The Times-News'—Thunder Bay, Ontario • K 'Enid News and Eagle'—Oklahoma • L 'The Daily Advertiser'—Lafayette, Louisiana • M 'The Cambridge Reporter'—Ontario • N 'The Lethbridge Herald'—Alberta • O 'The Sedalia Democrat'—Missouri • P 'Kokomo Tribune'—Indiana



## Portsmouth

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## THOMSON NEWSPAPERS

### *Review of Operations*

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1990. 'The Daily Telegram', Adrian, Michigan; 'Daily Times', Portsmouth, Ohio; 'The Vidette-Messenger', Valparaiso, Indiana; 'Sentinel and Enterprise', Fitchburg, Massachusetts; and the 'Peterborough Examiner', Ontario all moved from six-days-a-week publication.

The daily newspapers in Warren and Mansfield, Ohio; Terre Haute and Anderson, Indiana; and Sheboygan, Wisconsin, which were acquired as a group purchase in March 1990, have been successfully integrated into our structure and are meeting our expectations.

Following a period of joint operation with the previous owner, we acquired the 'Star-News', Pasadena, California, in mid-1990. Starting in March, 1991 the 'Star-News' is being printed at our upgraded West Covina plant along with our West Covina and Whittier titles and, as a result, substantial savings will be achieved. Plans are being implemented for the combined marketing of these titles in the Los Angeles area, which presents us with an exciting growth opportunity.

We are continuing to make acquisitions which, while relatively small, are strategically important in discrete marketplaces. In the US, we acquired a weekly newspaper, the 'Oconomowoc Enterprise', Wisconsin, and several related publications. Oconomowoc is in close proximity to our daily newspaper in Waukesha, Wisconsin and strengthens our market position in the area. Also in Wisconsin, we acquired a bi-weekly newspaper, 'The Lakeshore Chronicle', a monthly publication and a related real estate magazine, and the economics of combining this operation with our 'Herald-Times-Reporter' in Manitowoc are being investigated.

In Canada, we purchased a bi-weekly newspaper in Brandon, Manitoba with a circulation of some 20,000, and converted it into a shopper. We already own the daily newspaper

in Brandon. A small daily newspaper, the 'Brampton Times', Ontario, was closed and a weekly, the 'Yorkton Enterprise', Saskatchewan, was sold. After the year-end, we acquired 'Moose Jaw This Week', a 22,000-circulation bi-weekly publication in Moose Jaw, Saskatchewan, along with nine associated weekly publications.

We aim to publish high quality newspapers that provide the best value each marketplace can afford, and to enhance these on a continuing basis. These newspapers will be independent politically, as directed by the local publisher, and will reflect editorial integrity of the highest standard.

Among the editorial awards presented to our Canadian newspapers in 1990 were four National Newspaper Awards. A team from the 'Winnipeg Free Press' won the "spot news" award; and staff from 'The Globe and Mail' won awards in the "enterprise reporting", "best columns" and "critical writing" categories. In the US, the 'Sheboygan Press' was awarded the Isaiah Thomas Newspaper Preservation Prize by the American Society of Newspaper Editors. In addition, our newspapers won several hundred state and province-wide awards.

Thomson Newspapers now publishes 40 dailies and 30 weeklies in Canada and 123 dailies and 40 weeklies in the US, plus numerous other publications in each country.

Our revised organization—expanded from 13 to 16 divisions, with fewer newspapers in each—is working well and is enabling us to exploit more fully the opportunities in our marketplaces. Our increasingly decentralized structure is placing greater responsibility at the newspaper publisher level to ensure that key marketing and planning decisions are being taken as close as possible to the customers we serve. Our executive training and development

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programs are being enhanced to support this philosophy.

Our major re-equipment program continues. In all, we invested \$124 million—\$47 million in Canada and \$77 million in the US—and this was broadly in line with the 1989 level. We expect this level of expenditures to continue in 1991 and 1992 but to decline thereafter. New computer equipment was installed at several newspapers and upgraded at a number of others. In addition, a number of newspapers were provided with electronic picture desks which are tied into a wire service photographic system and receive their pictures via satellite transmission.

The most important single capital project is the construction of a new home for the 'Winnipeg Free Press'. Installation of three nine-unit Goss Colorliner presses began in 1990, and work on the building is expected to be completed this summer. We have also completed or initiated purchases of property in

three Ontario cities where modern facilities will be built for three of our daily newspapers.

Although we are part of a relatively mature industry, we see attractive opportunities arising from greater editorial creativity; from increased use of colour; from modern, highly efficient production facilities; and, above all, from becoming much more marketing-oriented at every level.

For 1991, as the recession continues to depress TN's marketplaces, our main priority is to increase growth from our existing newspapers, augmented by new product development. We intend to retain leadership in each of our marketplaces in both circulation and advertising terms through the provision of a comprehensive range of publications managed by market-oriented executives. We expect to obtain growth at the top end of the industry's performance and to achieve exceptional long-term margins.

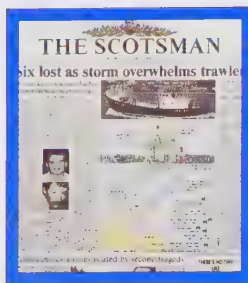
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THOMSON NEWSPAPERS  
*Review of Operations*

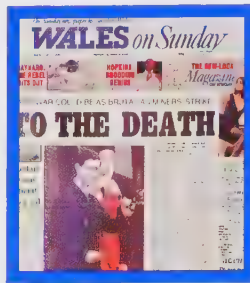


*The 'Winnipeg Free Press', circulation 180,000, moves this summer into one of the most modern newspaper plants in North America. The three Goss Colorliner presses, of nine units each, are capable of 70,000 copies an hour, with excellent colour registration and control. 'Winnipeg Free Press' staff, pictured in the pressroom include: (left to right) Sandy Spence, Press Superintendent (staircase); Paul Hawthorne, pressman (upper deck); Ron Suzynski, technician (electrical) and Paul Burch, industrial mechanic (gears)*

THOMSON INFORMATION/PUBLISHING GROUP  
Review of Operations



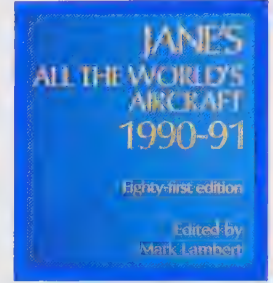
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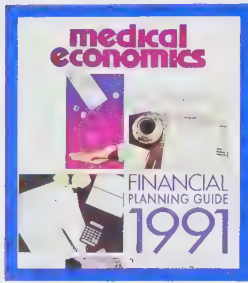
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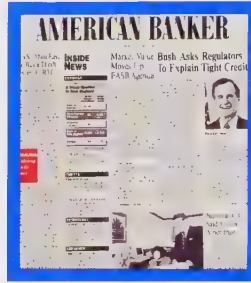
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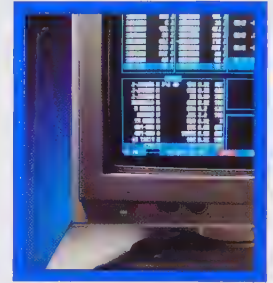
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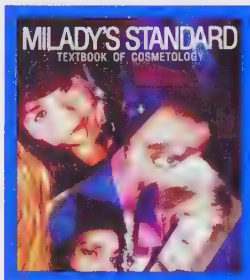
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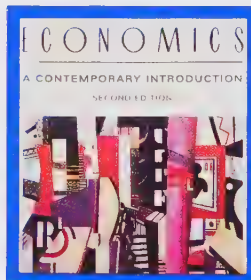
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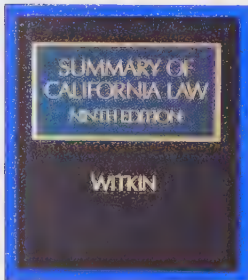
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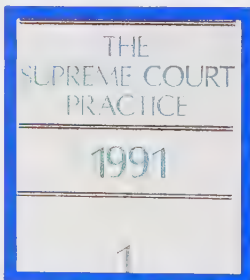
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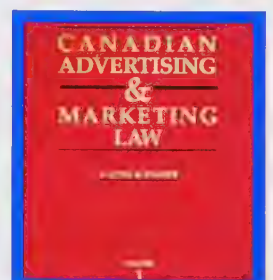
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*These products are representative of the many thousands produced by TIPG companies*

A 'The Scotsman': Scotland's premier newspaper • B 'Wales On Sunday': one of three UK Sunday newspapers recently launched by TRN • C 'Construction News': essential reading for the UK construction industry • D 'Jane's All The World's Aircraft 1990-91': the "bible" of the world's aviation industry • E 'Medical Economics Financial Planning Guide': designed to give physicians practical financial advice • F 'Mitchell Domestic Cars Service & Repair 1990': provides technical reference information on domestic automobiles • G 'American Banker': daily financial newspaper, is required reading on US banking • H AutEx: electronic indication and trading data system: in continuous use on every major trading desk in the US • I First Call: electronically meets the information needs of institutional equity investors • J 'Milady's Standard Textbook of Cosmetology': the best-selling US cosmetology textbook • K 'Economics: A Contemporary Introduction' 2nd Edition, by William A. McEachern (South-Western): aids students towards an intuitive understanding of economics • L 'Federal Tax Coordinator', 2nd Edition (The Research Institute of America): comprehensive analysis of US federal taxation • M Witkin's 'Summary Of California Law', 9th Edition (Bancroft-Whitney): the most widely used and authoritative treatise • N 'The Supreme Court Practice' 1991, 9th Edition (Sweet & Maxwell): indispensable guide to UK civil proceedings • O 'Horizons: Exploring The Universe', 1991 Edition (Wadsworth): one of two best-selling introductory astronomy texts by Michael A Seeds • P 'Canadian Advertising & Marketing Law', by David M W Young and Brian R Fraser (Carswell): authoritative analysis of laws impacting on Canadian advertising and marketing

# THOMSON INFORMATION/PUBLISHING GROUP

## *Review of Operations*

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ON BALANCE, 1990 WAS ANOTHER SUCCESSFUL YEAR FOR THOMSON INFORMATION/PUBLISHING GROUP (TIPG), DESPITE WORSENING CONDITIONS IN ITS PRINCIPAL MARKETPLACES, PARTICULARLY THOSE WHERE ADVERTISING IS THE MAIN SOURCE OF REVENUE. WITH THE IMPLEMENTATION OF ORGANIZATIONAL CHANGES AND COST REDUCTION PROGRAMS EARLY IN THE YEAR, TIPG INCREASED ITS OPERATING PROFIT, EVEN EXCLUDING THE RESULTS OF ACQUISITIONS MADE IN 1989 AND 1990.

The key to this performance was striking a balance between reducing cost levels while, at the same time, continuing to increase TIPG's commitment to new product launches, enhancement of existing products, aggressive marketing initiatives and management development programs. TIPG's strategy is to maintain these initiatives, despite difficult market conditions, so as to achieve and maintain leading long-term market positions and above-average growth.

The activities of TIPG's six largely autonomous groups are described below.

### *Thomson Information Services Limited (TISL)*

Despite increasingly difficult UK trading conditions, 1990 was another year of satisfactory growth in sales, operating profit and operating margins for TISL. This was achieved by increasing the market shares of existing titles as well as by continuing new product development programs.

The legal and professional publishing companies all enjoyed substantial growth in sales and operating profit. Subscriber numbers grew and product development activities accelerated with the publication of major products such as 'The Supreme Court Practice, 1991 Edition' and 'Mergers and Acquisitions in Europe'.

Derwent Publications produced excellent growth from increased on-line revenues as well as hard copy products. Geneseq, for the biotechnology industry, and Patents Previews, a new rapid publishing program, were successfully launched.

Both Thomson & Thomson in the US and Compu-Mark in Europe enjoyed good profit growth in the trademark and copyright information business. Worldwide on-line product development continued with the introduction of US trademark design elements and UK and West German trademark databases.

The decline in advertising revenues caused a sharp profit reduction in our UK advertising-based magazines. However, our share of the smaller revenues available was increased, and a cost reduction program has provided a significantly lower cost base for 1991. Despite a decline in the economy, Thomson Publications Australia earned record profits.

Thomson Directories (50% owned) enjoyed another year of strong sales and profit growth as the number of customers continued to increase. With major product investment in 1991, further significant sales growth is planned.

Jane's Information Group realized a good recovery in profit despite continuing uncertainties in the defence market, and launched CD-ROM versions of its major yearbooks. Routledge and Chapman & Hall between them published 807 new book titles and launched five new journals. Rapid Communications of Oxford started six new life science journals in its first year of operation.

International Thomson Publishing Services won a Golden Parcel Award for the quality and speed of its distribution services to UK college and university book stores.

## THOMSON INFORMATION / PUBLISHING GROUP

### *Review of Operations*

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The focus across TISL companies remains unchanged from previous years — meeting customer needs with strong publishing programs and excellence in marketing, sales and support services. This focus is expected to produce further growth in sales and profits for 1991 and the years ahead.

#### *Thomson Book/Reference Group (TBRG)*

TBRG had a very good year with further growth in sales and operating profit. Operating margins rose for the fourth consecutive year despite the significant erosion experienced by both the higher education and school segments of the book industry.

The US college publishing companies had another successful year. Although the sales growth of Wadsworth, Brooks/Cole, PWS-Kent and Heinle & Heinle was broadly in line with industry trends, operating margins were significantly better.

South-Western Publishing Co retained its market share as the leading business education publisher and achieved strong profit growth overall. The school division performed better than expected, despite the impact of the cancellation of government-sponsored student loans in the proprietary school market. The operating results of the college division were in line with expectations and new product acquisitions significantly exceeded the 1989 level.

In vocational/technical publishing, both Delmar Publishers and Milady Publishing Company had an outstanding year. Delmar, in particular, recorded strong operating results in all its lines, with the related health/nursing and agriculture lists performing well above expectations.

The library and information companies achieved further gains in sales and operating profit. Gale Research's performance was particularly impressive and its St James Press and Taft

operating units, as well as Gale Research International in the UK, enjoyed improved results. Research Publications achieved satisfactory sales growth and continued to earn good margins.

The Nelson group of school publishers experienced mixed results. Thomas Nelson (UK) capitalized on new UK national curriculum requirements and record new product creation to make significant sales and profit gains, and successfully integrated the Hodder & Stoughton English language teaching list. In contrast, Nelson Canada and Thomas Nelson Australia were adversely affected by changes in market buying patterns and the impact of weak economic conditions on local school budgets. However, higher education sales in both countries were up to expectations.

TBRG enhanced its marketing capability by establishing a corporate marketing function to sell the products of all its US companies through retail and wholesale channels. In addition, TBRG's distribution capability was strengthened by the automation of its warehouse in Florence, Kentucky.

The ongoing investment by each TBRG company in new product acquisition and development, along with increased expenditure on marketing and distribution, position TBRG to continue its high level of performance.

#### *Thomson Professional Publishing (TPP)*

Most TPP companies exceeded our profit expectations. The exception was Warren, Gorham & Lamont (WG&L), a diversified publisher of newsletters, journals, magazines and supplemented books. The sales and operating profit shortfalls at WG&L were mainly attributable to the economic downturn and to consolidation in the accounting, banking and real estate marketplaces.

During 1990, TPP completed a reorganization of its companies to enable it to compete



*Derwent Publications, based in the UK, monitors the worldwide patents and scientific journal literature to provide research-based organizations with abstracts publications, microform products and on-line databases. One Derwent product, Ringdoc, draws together pharmaceutical information reported in over 1,100 journals. Derwent's staff members pictured here, include (l to r) Maleni Chandra, senior biomedical indexer; Grazyna Pereira, section supervisor; and Savvas Savva, senior chemical coder*



*Lawyers Cooperative Publishing is a leading US legal publisher of federal, national, state and speciality practice information, and the company's product line provides a complete system of integrated legal research volumes. One such product, 'American Law of Products Liability', 3rd Edition, is a 14-binder set presenting the general principles of product liability law as well as a product specific review of reported cases, jury verdicts and settlements. Members of the LCP team, pictured here, include (l to r) Chris Carges, sales representative; Terry Jovanovic, senior editor; and Betty James, indexing specialist*

## THOMSON INFORMATION/PUBLISHING GROUP

### *Review of Operations*

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more effectively and to reduce operating costs. Our four US law publishers, Lawyers Cooperative Publishing, Bancroft-Whitney, Callaghan & Company and Clark Boardman Company, now comprise Thomson Legal Publishing. This group has been organized into business units and, after repositioning its key product lines, is entering a period of vigorous, market-led product development.

WG&L and its subsidiaries, CPAid and Practitioners Publishing Company, have combined with The Research Institute of America to form several business units which will better serve the information needs of the tax and accounting marketplaces. An additional business unit has been formed to create further products for the human resources marketplace, which is experiencing a growing amount of legal and regulatory compliance activity.

Following a similar pattern, in Canada we formed Thomson Professional Publishing-Canada (TPP-Canada), which comprises The Carswell Company, Canada's leading legal publisher of major bound treatises, encyclopedias, law reports and newsletters, and Richard De Boo Publishers, whose products serve Canadian accountants, attorneys and other professionals. TPP-Canada has been organized by its major market segments and in 1991 will continue to expand from its traditional base. In addition, after the year-end, Canadian Tax Online, Canada's leading electronic tax information service, joined TPP-Canada.

Thomson Electronic Publishing has been created with the objective of developing TPP's presence in electronic publishing marketplaces where we continue to believe that there are excellent long-term growth opportunities for on-line databases, CD-ROM and value-added software tools and services.

TPP's products, which assist professionals with an in-depth analysis of legal and other

fields, are highly regarded. Although some of our customers will feel the repercussions of a prolonged economic downturn, TPP is well-positioned to achieve market share gains and its longer term prospects are excellent.

#### *Thomson Regional Newspapers (TRN)*

1990 was a year of considerable activity across TRN with the initiation of product quality improvement programs, the commissioning of new colour presses and the further development of newly-launched newspapers.

New colour printing facilities, which were brought on-stream at seven centres, will improve productivity and enhance the quality and appearance of our newspapers, and offer opportunities to increase sales of colour advertising.

Arresting the decline in the circulation of TRN's paid-for newspapers remains our highest priority and, in 1990, efforts were focused on improving their content and appearance. Taking advantage of our new colour printing capability, we began a program to re-design virtually all titles and, at the same time, initiated a re-examination of the editorial content and marketing strategy of TRN's major newspapers.

Our new Sunday papers — 'Scotland on Sunday', 'Sunday Life' in Northern Ireland and 'Wales on Sunday' — continued to show excellent progress with circulations up to expectations. 'Sunday Life' is now regularly number two in its marketplace, an excellent performance for a new title in a highly competitive sector.

This development and progress took place against the background of a weakening economy. As the worst advertising recession in the UK for nearly a decade took hold, the adverse impact on TRN's advertising volumes was considerable. Thomson Free Newspapers

and our paid-for titles in the southern part of the country were particularly badly affected. Although speedy action was taken to reduce costs, and so minimize the financial impact, TRN's operating profit for the year was below the 1989 level.

In 1991, markets will remain difficult as the economic recession spreads geographically. In these circumstances, the emphasis will continue to be on ensuring that we have the lowest possible cost base. At the same time, new initiatives for revenue generation will be launched and product development and marketing will continue at a high level. In this way, we will benefit fully when the market turns upwards again.

#### *Thomson Business Information (TBI)*

In 1990, both Medical Economics Company (MEC), which serves the healthcare information marketplace, and Mitchell International, which provides information to automotive repair and automotive insurance claims professionals, responded to a tightening in their marketplaces with stronger marketing efforts and effective cost control. As a result, both companies achieved record sales and operating profit, and operating margins also improved.

To capitalize on its strengths and increase its marketing and new product development effectiveness, MEC has been divided into two companies. MEDEC Publishing consists primarily of advertising-based products serving physicians and the allied healthcare markets. MEDEC Data serves physicians, pharmacists and healthcare institutions with database products and newsletters.

The majority of MEDEC Publishing's products maintained their shares of a declining advertising market. Several publications, including 'Patient Care', 'Drug Topics' and 'RN', improved their positions. 'Medical Eco-

nomics Video Magazine' enjoyed strong advertiser and physician support, and made a profit in its first year.

MEDEC Data's major products achieved solid growth, with 'Physicians' Desk Reference' (PDR) yet again exceeding expectations. 'Pocket PDR', a hand-held electronic version of PDR, will be launched in 1991. American Health Consultants passed a major milestone with the launch of its fiftieth newsletter.

Mitchell International's core products, Collision Estimating Guides, General Repair, and Mitchellmatix (MMX), grew strongly. MMX, our electronic collision estimating system, continued to increase its market share and expanded into Canada. In addition, EstiMate, a personal computer-based electronic estimating system for the insurance industry and auto body shops, was introduced.

Through the stability of its core products, further increases in productivity and the development of new, innovative products and services, TBI looks forward to another successful year.

#### *Thomson Financial Services (TFS)*

Conditions in the financial markets continued to be very difficult. Banks, savings and loan institutions, brokerage firms and other financial institutions experienced a high level of mergers, closures and general expense reductions which adversely affected several TFS operating units. Despite this challenging environment, TFS as a group achieved a significant increase in sales, with most operating companies contributing to this growth. Even including our substantial investment in ILX Systems, a major new venture, TFS increased its operating profit, and the operating margin of its established business was maintained.

Thomson Financial Networks again achieved significant increases in sales and oper-

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ating profit and further improved its already excellent operating margins. With aggressive marketing and an active new product development program, particularly good performances were recorded by First Call, Investext and Global Markets. Securities Data also achieved superior results from its database products and 'Financial Planning' magazine.

The 'American Banker' newspaper was successfully relaunched early in the year but, with particularly depressed municipal bond markets, the American Banker/Bond Buyer (AB/BB) group overall had a very difficult year. Rand McNally's leading banking industry directory joined AB/BB in April and, with its excellent margins, has fully met our expectations.

'International Financing Review' had an excellent year and successfully launched a Japanese language edition. This is our first Japanese magazine and, despite recent adverse market conditions in Asia, it is performing in line with our expectations.

At ILX Systems, growth in sales of its newly launched product was significantly below our expectations. Although the service is performing well and installations are increasing, generally weak equity markets have contributed

to inertia in the purchase of market data systems by the brokerage industry. We remain confident of success but it will take longer for ILX to reach profitability than we had originally planned.

For 1991, we expect the consolidation in our markets to continue and trading conditions to remain broadly unchanged. However, with further expansion of ILX's client base, precisely targeted marketing, and the introduction of further new products, TFS is confident it will continue to grow.

#### *TIPG Outlook*

With new cost control procedures in place and excellent management, TIPG is well-positioned to weather continuing short-term difficulties in its marketplaces and to forge ahead when conditions improve again. 1991 will certainly not be an easy year but, building on the foundations laid in 1990 and earlier years and with the continuing dedication of our staff, we believe that we can make further substantial progress in developing TIPG. Organic development, rather than acquisitions, will be the principal means of our future growth.

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## THOMSON TRAVEL GROUP

### *Review of Operations*

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1990 WAS A GOOD YEAR FOR THOMSON TRAVEL GROUP (TTG). SUBSTANTIAL PROGRESS WAS MADE TOWARDS THE TWIN OBJECTIVES OF FURTHER IMPROVING THE QUALITY OF OUR PRODUCTS AND SERVICES, AND INCREASING PROFITABILITY. AFTER A NUMBER OF YEARS OF INTENSE PRICE COMPETITION, WHICH HAD DRIVEN DOWN THE TOUR OPERATING INDUSTRY'S MARGINS TO VERY LOW LEVELS, 1990 SAW A SIGNIFICANT EASING IN THE COMPETITIVE ENVIRONMENT.

#### *Thomson Tour Operations*

In 1989, Thomson Tour Operations incurred losses as a result of substantial over-supply in the market which necessitated significant price reductions to sell late-season stock. Capacity for 1990 was reduced to help overcome this over-supply problem; to assist in increasing margins; and to allow for some decline in sales due to the economic downturn. While our 1990 carryings of 3 million were close to our expectations, they were 31% below the 1989 level, in a market which is estimated to have fallen by 12%. Our market share therefore fell to 30%, but we remained nearly twice the size of our nearest competitor.

To accommodate the lower level of activity forecast for 1990, we took early action, which included over 200 redundancies, to reduce tour operating overhead costs. These savings, together with higher brochure prices and limited high season discounting, resulted in a significant profit recovery for Thomson Tour Operations.

A number of quality initiatives were introduced during 1990, of which the most important was the start-up of Thomson Sun Hotels. These are independently owned and operated hotels in Spain, the principal package holiday destination. Each aspect of the operation of these hotels has been specified in detail by us and this has involved significant investment by the hoteliers concerned. The results to date have been outstanding, with clients rating these hotels consistently well above average on our client satisfaction questionnaires — and this in a year when the average quality scores

recorded the highest increase in 20 years.

In 1991, we have taken the opportunity to focus our different brands more clearly on their distinctive market segments while, at the same time, updating the appearance of our brochures. Brochure prices for the main summer 1991 season were raised with the objective of further increasing margins, and capacity was held at the 1990 level.

#### *Britannia Airways*

1990 was a year of considerable change for Britannia Airways. With the downturn in the UK overseas inclusive tour market, competitive pressures intensified and resulted in lower charter rates and a reduction in aircraft utilization. The total number of passengers carried declined from 7 million in 1989 to 6.2 million. Competitors were also affected by these difficult market conditions, with two charter airlines ceasing to trade and another being drastically scaled down as a result of a financial restructuring.

During the year, a strategic review of Britannia concluded that its business objectives should be refocused. Substantial cost savings were identified which would result from a rebasing of more crews at regional airports; from reducing engineering requirements by investing in new generation aircraft to replace the Boeing 737s; and by relinquishing 18 scheduled service licences and concentrating wholly on the charter market. This reorganization has been completed and involved 230 redundancies, which were achieved mainly by voluntary means.

In summer 1990, Britannia operated 22 Boeing 737-200s, seven Boeing 737-300s and

# THOMSON TRAVEL GROUP

## *Review of Operations*



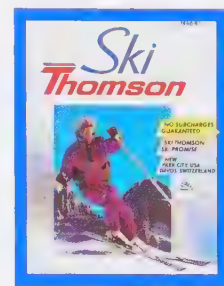
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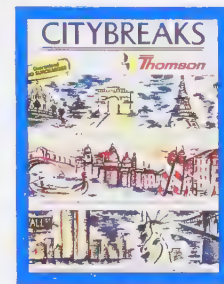
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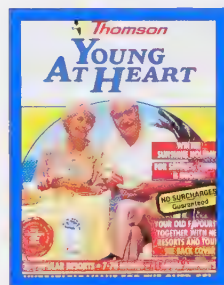
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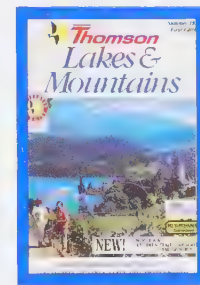
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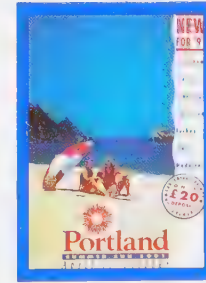
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*Thomson Tour Operations carried 3 million clients in 1990. Here are a selection of their brochures*

A 'Summer Sun'—the UK market's most popular program, with over £200 million worth of holidays chosen each year from this brochure • B 'Wings'—Thomson's newest program offers holidays in Portugal • C 'Villas & Apartments'—self catering represents an increasing part of the UK overseas holiday market • D 'Ski Thomson'—voted "Best Winter Sports Holiday" operator in 1990 by British travel agents • E 'Worldwide'—long haul is one of the fastest growing market segments and this brochure offers holidays in 28 countries • F 'Skytours'—inexpensive holidays for young people and families on a modest budget • G 'OSL'—a highly regarded program of villa holidays • H 'Citybreaks'—offers short breaks to 29 cities worldwide • I 'Young at Heart'—the over 55s market is particularly important during the off-season winter months • J 'Weddings in Paradise'—one of our more unusual programs • K 'Horizon'—a name well known in the UK for quality and service • L 'Lakes & Mountains'—Thomson are leaders in this sector of the holiday market • M 'HCI'—specialises in club style holidays for active families • N 'Florida Fun'—in two years, Florida has grown from zero to over 100,000 holidays a year • O 'Simply Greece'—aimed at younger people and offering a simpler style of accommodation • P 'Portland Summer'—Thomson owns Portland Holidays, the UK's leading direct sell holiday company

THOMSON TRAVEL GROUP  
*Review of Operations*



*Teamwork is essential at UK-based Britannia Airways, which in 1990 carried 6.2 million passengers. Three members of that team pictured here are (l to r) Mike Surowiak, Captain; Louise Ruscoe, passenger services assistant; and John Andrew, duty engineer*

## THOMSON TRAVEL GROUP

### *Review of Operations*

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nine Boeing 767-200s. During the year, six older Boeing 737s were either sold or their leases were not renewed. In addition, two older Boeing 767s were replaced with two new extended-range Boeing 767s for use on Britannia's growing number of long-haul routes. In November, our first two Boeing 757s joined the fleet and two others will be added in time for the summer 1991 season.

Britannia continues to improve the quality of its services, and during the year all cabin staff attended a "Care in the Air" workshop. This initiative has already paid dividends with an improvement in cabin staff quality scores, as measured by our client satisfaction questionnaires. In addition, a number of product improvements have been made. Jet Cadets provides a package of special children's meals and entertainment with the aim of taking the strain out of flights for both the children and their parents. At the same time, the presentation, quantity and quality of on-board meals has been upgraded. Also, in time for the summer 1991 season, the availability of video equipment has been extended to all aircraft, giving a high standard of audiovisual entertainment across the whole Britannia fleet.

#### *Lunn Poly*

Significant further progress was made in the development of Lunn Poly, our retail travel chain of 503 shops. Strong growth in sales revenues, an increase in margins and useful efficiency gains resulted in a substantial increase in profits.

The total number of inclusive tours sold declined in line with the market, and Lunn Poly's share of summer season business therefore remained at about 20%. However, higher brochure prices and a trend towards long-haul packages helped to cushion this volume reduction. In other market sectors, such as cruising, UK holidays and leisure air travel, specific

promotional support resulted in a substantial increase in sales revenues and market share.

Lunn Poly continues to invest substantial sums in both refurbishing its existing shops, to ensure they retain a fresh image, and in the training and motivation of its staff.

Competition from other national multiple agents and from strong regionally-based independents has intensified. Lunn Poly continues to be successful in meeting the challenge of this highly competitive environment.

#### *Outlook*

In tour operating, our volume for 1991 was set at a similar level to 1990 and we planned to increase margins further. The majority of our competitors followed our price and capacity policies.

In the air charter market, the supply and demand for seats is now back in balance and seat rates already contracted for 1991 have shown a marked recovery from the depressed levels experienced in 1990. Although two further extended-range Boeing 767s will be delivered in April and June, Britannia's 1991 capacity has been set marginally below its 1990 level.

The economic outlook for 1991 is somewhat depressed and, in addition, bookings during January and February were substantially reduced by the Gulf crisis. However, with the ending of the Gulf war, followed shortly thereafter by a major competitor ceasing to trade, bookings for late winter and summer holidays have recovered sharply. We expect this recovery to continue in the months ahead.

Looking beyond 1991, the prospects for TTG remain good. We hold strong leadership positions in all three of our business sectors. We have well-regarded brands and products and a high level of commitment to quality and reliability. We believe that all these factors will contribute to a strong growth in profits in the years ahead.

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THOMSON TRAVEL GROUP  
*Review of Operations*



*Lunn Poly is the UK's leading retailer of overseas inclusive travel. Here Norman Penberthy, Regional Sales Manager, conducts staff in a customer service training session with Denise Purcell, Manager, and sales consultants Cathy Aspinall, Kelly Todd, Amanda Panalver and Sarah Marks*

# THE THOMSON CORPORATION

## *Financial Information*

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### *Management's Discussion and Analysis*

*(unless otherwise stated, all figures are in millions of US dollars)*

The principal activities of The Thomson Corporation (TTC) are newspaper publishing, specialized information and publishing, and leisure travel. TTC operates principally in the UK, the US, Canada, Australia and Scandinavia.

#### *Results of Operations*

Sales increased in 1990 by 4.9% from \$5,112 million to \$5,364 million. North American sales increased by 11.0% to \$2,531 million, and accounted for 47% of the total. Sales from outside North America, principally the UK, at \$2,833 million, were virtually unchanged from the 1989 level and accounted for 53% of the total. In pound sterling terms, UK sales declined by 9.0% from £1,648 million to £1,499 million principally because of the lower volumes sold by the Thomson Travel Group (TTG) as a result of the decline in the UK overseas inclusive tour market.

Operating profit at \$726 million was 13.1% higher than in 1989, largely as a result of contributions from acquisitions made in 1989 and from a much improved performance from TTG.

North American operating profit remained largely unchanged at \$542 million, as the increase in US operating profit was matched by the reduction in Canadian operating profit, and accounted for 75% of the total. Operating profit from outside North America increased by 86% from \$99 million to \$184 million, substantially due to the improved operating performance of TTG and to the inclusion of \$45 million of profits arising on the sale of aircraft.

Other income and expense was a net cost of \$84 million (1989—\$30 million) and comprises amortization of intangibles of \$44 million (1989—\$34 million), corporate costs of \$25 million (1989—

\$26 million) and net non-operating losses of \$15 million (1989—profits of \$30 million). The net non-operating profits in 1989 were primarily due to the gain on the sale of an investment in Reuters PLC.

Net interest and other financing costs of \$163 million (1989—\$93 million) were higher largely as a result of the effect of a full year's financing for acquisitions made in 1989.

Income taxes as a percentage of income before taxes were 12.3% (1989—12.5%) which differs from the Canadian corporate tax rate due principally to the effect of lower tax rates in other countries. The merger between Thomson Newspapers Limited and International Thomson Organisation Limited, which took place in 1989, has continued to contribute to the low effective rate.

Earnings attributable to common shares decreased from \$420 million (before the extraordinary item) in 1989 to \$385 million, a reduction of 8.3%. Earnings per common share were 70 cents, compared with 78 cents in 1989.

Dividends declared payable in 1990 on common shares increased by 11% from \$218 million to \$242 million. Of the 1990 dividends, \$113 million was reinvested in common shares through the dividend reinvestment plan, resulting in net cash dividend payments on common shares of \$129 million.

THOMSON NEWSPAPERS • In 1990, sales of Thomson Newspapers (TN) increased by 7.1% from \$1,081 million to \$1,158 million, largely due to acquisitions. Operating profit decreased by 11.0% from \$317 million to \$282 million, which included \$22 million from 1990 acquisitions. The decline in operating margins from 29.3% in 1989 to 24.4% in 1990 was largely attributable to the onset of the

*Management's Discussion and Analysis*

recession in the US and Canada and to higher spending on the introduction of new products, marketing and news coverage. We are confident that such expenditures will enhance future profit growth.

Operating cash flow (operating profit after adding back depreciation) was \$317 million (1989—\$346 million) before capital expenditures of \$124 million (1989—\$119 million), of which \$31 million was for newspaper presses in 1990.

Despite a very difficult trading environment, and largely as a result of its product improvement program and increased promotional and marketing activities, TN achieved an increase of 0.7% in aggregate circulation in 1990.

Although TN's share of its advertising markets increased, its total advertising linage in 1990 declined by 2.6% largely as a result of the onset of economic recession in both Canada and the US. The larger metropolitan newspapers were the most adversely affected with 'The Globe and Mail' linage, in particular, being down by 12.6%.

TN's titles are published in markets geographically dispersed throughout North America which typically support only a single daily newspaper. The diversity of locations served diffuses the impact on the group of economic cycles in specific industries. In addition, each newspaper is able to respond directly and individually to changing economic circumstances in its particular marketplace.

Approximately 75% of TN's total sales revenue is derived from advertising. There is a close correlation between the amount of advertising revenue and the overall level of economic activity. Most independent economic forecasts for both Canada and the US anticipate a lower level of economic activity in 1991 as a whole compared with 1990. However, these forecasts

also anticipate some improvement as 1991 proceeds.

While there is increasing competition among alternative advertising vehicles for the time and attention of readers, newspapers as a medium have important and unique characteristics which both readers and advertisers need and value. We believe that concentrating on better quality, more creative and dynamic products, vigorously marketed, will lead to superior real growth. Although TN is part of a relatively mature industry, we see attractive opportunities arising from greater editorial creativity; increased use of colour; modern, highly efficient production facilities; and, above all, from becoming much more marketing oriented at every level.

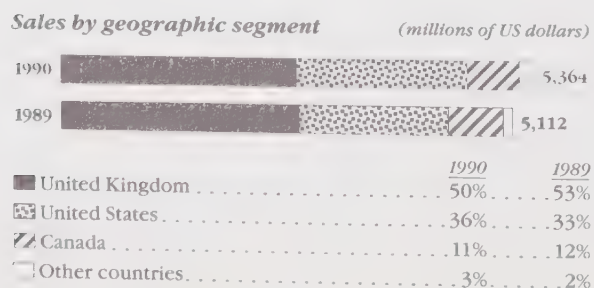
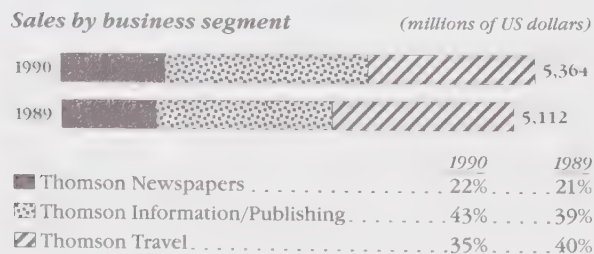
**THOMSON INFORMATION/PUBLISHING GROUP** • In 1990, sales of Thomson Information/Publishing Group (TIPG) increased by 16.2% from \$1,993 million to \$2,315 million, including acquisitions. Operating profit increased by 14.5% from \$325 million to \$372 million and, excluding the benefit from acquisitions, the year-on-year increase in operating profit was 6.8%. Operating margins decreased marginally to 16.1% from 16.3%.

TIPG's North American sales increased by 14% from \$1,196 million to \$1,364 million, and operating profit by 15% from \$226 million to \$260 million. Sales from the UK, in pound sterling terms, increased by 9.5% from £409 million to £448 million and operating profit remained unchanged at £53 million, principally due to difficult trading conditions in the UK newspaper group. The increasing proportion of TIPG's sales and operating profits emanating from North America is primarily the result of acquisitions made during 1989.

Operating cash flow was \$461 million (1989—\$396 million) before capital expenditures of \$162 million (1989—\$183 million).

TIPG has a broad range of activities. It has over 120 separate operating units providing nearly 40,000 individual products, in a wide variety of formats, to a large number of specialized marketplaces. While many of these marketplaces are relatively insulated from the immediate influence of the level of economic activity, the depth of the recession has affected all its customers to some degree. In particular, the impact on our UK newspaper group's advertising volumes was considerable. In addition, mergers, closures and general expense reductions among financial institutions in 1990 had an adverse impact on our North American businesses in the financial services area. We expect this consolidation to continue in 1991 and uncertainties also remain in the defence and certain educational marketplaces.

Approximately 25% of TIPG's total sales revenue is from advertising, concentrated mainly in



# THE THOMSON CORPORATION

## Financial Information

### Management's Discussion and Analysis

business magazines in the US and the UK, and in UK regional newspapers and local directories. During 1990, growth in advertising revenues was very difficult to obtain as the US and UK economies exhibited reduced rates of growth.

THOMSON TRAVEL GROUP • TTG's sales in 1990 decreased by 7.2% from \$2,038 million to \$1,891 million. In pound sterling terms, sales decreased by 15.0% to £1,056 million from £1,243 million. The reduction was confined to the tour operating division, and resulted from the decline in the UK overseas inclusive tour market.

Operating profit, including profits on the sale of aircraft of \$45 million (1989—nil), was \$72 million in 1990, compared with break-even in 1989. Profit including net interest income, largely arising from advance payments by clients, was \$121 million, compared with \$44 million in 1989.

Operating cash flow was \$127 million (1989—\$53 million) before capital expenditures of \$38 million (1989—\$45 million), which are net of proceeds.

In the tour operating division, the number of holidays sold in 1990 decreased by 31% to 3.0 million. However, a substantial reduction in capacity by TTG and its principal competitors resulted in more favourable market conditions during the high-season months and a significant improvement in TTG's tour operating profitability as fewer holidays had to be sold at a discount.

Britannia Airways' pre-tax profit, excluding profits on the sale of aircraft, was lower than in the previous year due to weaker air charter rates, and to lower aircraft utilization arising from summer 1990 cutbacks by tour operators. Following the completion of a major expansion program in earlier years, Lunn Poly's pre-tax profit was substantially higher than in 1989.

Sales of UK overseas inclusive tours are influenced by many factors including the level of disposable income available to potential clients and the level of the pound sterling relative to the currencies of principal destination countries. In 1990, disposable income in the UK was adversely affected by the high level of mortgage loan rates, and this, together with the removal from the market of very cheap low margin products, was the principal cause of the fall in the number of holidays sold.

For 1991, TTG planned on the basis of no increase in the size of the UK overseas inclusive tour market. Capacity was held constant and prices increased with the objective of achieving a further improvement in tour operating margins. The majority of our competitors have followed our capacity and price policies. While initially the level of bookings

was encouraging, it declined substantially during the period of hostilities in the Gulf region. However, with the ending of the Gulf war, followed shortly thereafter by a major competitor ceasing to trade, bookings for late winter and summer holidays have recovered sharply. We expect this recovery to continue in the months ahead.

#### Financial Position and Cash Flow

TTC's total assets at December 31, 1990 were \$7,860 million compared with \$6,955 million a year earlier, a net increase of \$905 million. Major changes were net increases in property and equipment of \$250 million, aircraft and spares of \$116 million, publishing rights and circulation of \$311 million and goodwill of \$190 million.

Total assets in North America increased from \$4,567 million to \$4,999 million, an increase of \$432 million, due principally to acquisitions made in 1990. Assets in the UK increased by \$429 million to \$2,509 million. This increase was principally due to the strengthening of the pound sterling.

Short-term indebtedness, long-term debt, aircraft and newspaper press finance leases and preference shares of a subsidiary ('total debt') totalled \$2,737 million at the end of 1990, compared with \$2,322 million at the end of 1989. The net increase of \$415 million was due to the financing of acquisitions and leases for aircraft and newspaper presses.

In the ordinary course of business, TTC enters into hedging agreements through the forward currency exchange and swap markets to minimize its exposure to currency and interest rate fluctuations.

At December 31, 1990, 76% of TTC's total debt was effectively denominated in US dollars with the balance predominantly in pounds sterling.

#### Operating profit by business segment

(millions of US dollars)



#### Operating profit by geographic segment

(millions of US dollars)



# THE THOMSON CORPORATION

## Financial Information

### Management's Discussion and Analysis

Of this total debt, 21% was at fixed interest rates. Since the end of the year, forward rate agreements have been entered into which convert a further 14% of the total debt at December 31, 1990 onto a fixed rate basis for the remainder of 1991.

At the end of 1990, capital employed was financed 49% (1989—46%) by non-current debt and other liabilities, and 51% (1989—54%) by shareholders' equity.

Net capital expenditures totalled \$324 million and were funded out of cash from operations and by finance leases. At the end of 1990, commitments for capital expenditures totalled \$479 million, of which \$391 million are for two Boeing 767-200 aircraft to be delivered in 1991 and six Boeing 757s for delivery in 1992 and 1993.

During 1990, \$315 million was spent on acquisitions, of which \$272 million was for the acquisition in March of five daily newspapers and several associated weekly publications in the US.

Because of its strong cash generating characteristics, TTC does not need to raise funds for working capital or general operational needs. Funds are raised as required to support its acquisition and development programs. As the timing and size of acquisitions cannot be predicted, the timing of TTC's access to the capital markets and the arranging of additional borrowings cannot be determined with any certainty.

#### Discontinued Operations

On March 6, 1989, TTC sold its North Sea oil and gas interests for a net cash consideration of \$558 million. The proceeds were used to fund acquisitions made in 1989. The net gain on the sale, which was accounted for as an extraordinary item, was \$475 million. Cash used for discontinued oil and gas operations in 1989

included \$96 million of petroleum revenue tax paid relating to the insurance proceeds received in 1988 on the loss of the Piper Alpha platform.

#### Other Information

In 1990, the Canadian Institute of Chartered Accountants (CICA) published an accounting standard dealing with Capital Assets, which are defined to include intangible assets such as publishing rights and circulation. TTC is on record as being fundamentally opposed to the standard insofar as it applies to intangible assets and believes that the standard, as it applies to such assets, is ambiguous at best. However, judging by statements made by the CICA and the Ontario Securities Commission, it would appear that the aim of the standard is to require the amortization of intangible assets over a maximum of 40 years for accounting periods beginning on or after January 1, 1991.

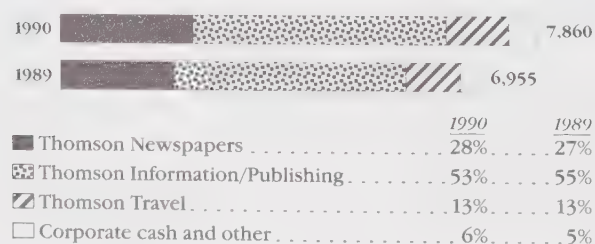
The value of a publishing business and its ability to earn profits and to generate cash is dependent upon the quality of its intangible assets. The economic value of publishing rights and circulation does not, in principle, diminish with the passage of time. Such assets are more closely akin to land than to buildings and machinery. A reduction in value only occurs if the publication loses its position in the marketplace. Accordingly, TTC believes that such assets should not be subject to periodic amortization but should be written down only where a permanent diminution in value has occurred.

In addition, TTC expenses considerable amounts each year on editorial, marketing, selling and fulfillment costs to protect and enhance the value of its publishing rights and circulation. Periodic amortization thus represents a double charge and will distort TTC's earnings.

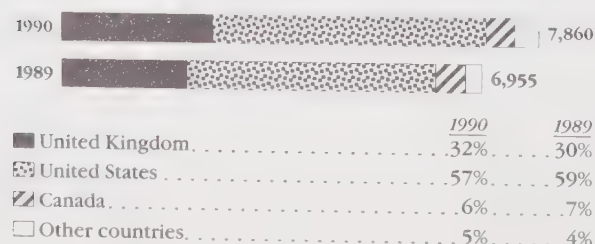
While TTC believes that publishing rights and circulation should not be amortized and also that there are grounds under the CICA standard for it to capitalize many costs that are currently expensed, TTC also considers that the accounting, administrative, regulatory and other problems associated with not amortizing such intangibles or with capitalizing certain costs presently being expensed would be out of all proportion to the benefits obtained. Although amortization is purely an accounting concept which has no impact on cash flow nor the real worth of our businesses, the amortization of publishing rights and circulation will reduce pre-tax profits, interest coverages and earnings.

Based on the book cost of publishing rights and circulation at December 31, 1990, and using a 40 year life and a straight line basis of amortization, application of the CICA standard would increase amortization of intangibles by \$65 million in a full year.

#### Assets by business segment (millions of US dollars)



#### Assets by geographic segment (millions of US dollars)



THE THOMSON CORPORATION  
*Financial Information*

## Five year summary

(millions of US dollars except per share amounts)

	1990	1989	1988	1987	1986
<b>Sales</b>					
Thomson Newspapers	1,158	1,081	981	826	744
Thomson Information / Publishing <sup>(1)</sup>	2,315	1,993	1,698	1,418	1,029
Thomson Travel	1,891	2,038	2,047	1,696	1,173
	5,364	5,112	4,726	3,940	2,946
<b>Operating profit</b>					
Thomson Newspapers	282	317	306	280	260
Thomson Information / Publishing <sup>(1)</sup>	372	325	265	212	129
Thomson Travel	72	—	60	46	52
	726	642	631	538	441
<b>Operating cash flow <sup>(2)</sup></b>					
Thomson Newspapers	317	346	332	303	280
Thomson Information / Publishing <sup>(1)</sup>	461	396	323	266	166
Thomson Travel	127	53	109	81	80
	905	795	764	650	526
<b>Earnings attributable to common shares <sup>(3)</sup></b>	385	420	380	304	258
<b>Earnings per common share <sup>(3)</sup></b>	\$0.70	\$0.78	\$0.70	\$0.56	\$0.48
<b>Shareholders' equity</b>	3,266	2,968	2,329	2,025	1,738

(1) Thomson Information / Publishing includes the operations of Thomson Regional Newspapers in the UK.

(2) Operating cash flow is operating profit after adding back depreciation.

(3) Earnings attributable to common shares and earnings per common share in 1989 are shown before the extraordinary gain of \$475 million or \$0.88 per common share arising from the sale of the oil and gas operations.

THE THOMSON CORPORATION  
*Financial Information*

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## Auditors' report

### To the shareholders of The Thomson Corporation

We have audited the accompanying consolidated balance sheets of The Thomson Corporation as at December 31, 1990 and 1989 and the consolidated statements of earnings and retained earnings and of changes in cash position for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1990 and 1989 and the results of its operations and the changes in its cash position for the years then ended in accordance with generally accepted accounting principles.



Price Waterhouse  
Chartered Accountants  
Toronto, Canada  
March 20, 1991

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*Financial Information*

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## Consolidated statement of earnings and retained earnings

(millions of US dollars except per share amounts)

Year ended December 31

	1990	1989
Sales	5,364	5,112
Cost of sales, selling, general and administrative expenses	(4,459)	(4,317)
Depreciation	(179)	(153)
Operating profit	726	642
Other income and expense (note 3)	(84)	(30)
Net interest expense and other financing costs (note 4)	(163)	(93)
Income taxes (note 5)	(59)	(65)
Earnings before dividends on preference shares	420	454
Dividends on preference shares	(35)	(34)
Earnings before extraordinary item	385	420
Extraordinary item — net gain on sale of oil and gas operations (note 18)	—	475
Net earnings attributable to common shares	385	895
Retained earnings at beginning of year	2,484	1,812
Merger expenses, net of income taxes	—	(5)
Dividends on common shares (note 6)	(242)	(218)
Retained earnings at end of year	2,627	2,484
Earnings per common share (note 7)		
Before extraordinary item	\$0.70	\$0.78
From extraordinary item (note 18)	—	\$0.88
	\$0.70	\$1.66

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**Consolidated balance sheet**

(millions of US dollars)

	<i>December 31</i>	
	1990	1989
Assets		
Current assets:		
Cash and short-term investments, at cost which approximates market	442	475
Accounts receivable	688	641
Inventories	233	202
Prepaid expenses and other current assets	238	253
	1,601	1,571
Property and equipment (note 8)	1,293	1,043
Aircraft and spares (note 9)	588	472
Publishing rights and circulation	2,616	2,305
Goodwill	1,493	1,303
Other assets	269	261
	7,860	6,955
Liabilities and shareholders' equity		
Current liabilities:		
Short-term indebtedness	101	219
Accounts payable	860	779
Deferred revenue	462	382
Current portion of long-term debt and finance leases (notes 10 and 11)	28	49
	1,451	1,429
Long-term debt (note 10)	1,430	1,464
Finance leases (note 11)	422	163
Other liabilities	275	249
Deferred income taxes	260	255
Preference shares of a subsidiary (note 12)	756	427
	4,594	3,987
Shareholders' equity:		
Share capital (notes 13 and 14)	685	572
Cumulative translation adjustment	(46)	(88)
Retained earnings	2,627	2,484
	3,266	2,968
	7,860	6,955

Approved by the board



Kenneth R Thomson, Director



Michael Brown, Director

THE THOMSON CORPORATION  
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**Consolidated statement of changes in cash position**

(millions of US dollars)

	Year ended December 31	
	1990	1989
Cash provided by (used for):		
Operations		
Earnings before dividends on preference shares	420	454
Add (deduct) items not involving cash:		
Depreciation and amortization	223	187
Deferred taxes	38	44
Other, including profit from disposal of aircraft	(77)	(19)
	604	666
Changes in non-cash working capital and other items	(92)	(262)
	512	404
Investing activities		
Acquisition of businesses, less cash		
therein of \$1 million (1989—\$15 million)	(314)	(1,187)
Proceeds from disposal of businesses and investments	56	50
Additions to property and equipment, less proceeds		
from disposals of \$12 million (1989—\$13 million)	(310)	(320)
Additions to aircraft and spares, less proceeds from		
disposals of \$146 million (1989—\$11 million)	(14)	(27)
Net proceeds from sale of oil and gas operations	—	558
	(582)	(926)
Financing activities		
Net change in long-term debt and finance leases <sup>(1)</sup>	141	502
Preference shares issued by a subsidiary	210	386
Dividends paid on preference shares	(35)	(34)
Dividends paid on common shares <sup>(2)</sup>	(129)	(177)
	187	677
	117	155
Discontinued oil and gas operations	—	(116)
Translation adjustments	(32)	(16)
Increase in cash <sup>(3)</sup>	85	23
Cash at beginning of year	256	233
Cash at end of year	341	256

(1) Includes net change in current portion of long-term debt and finance leases.

(2) Dividends paid on common shares are shown net of \$113 million (1989—\$41 million) reinvested in common shares issued under the dividend reinvestment plan.

(3) Cash comprises cash and short-term investments less short-term indebtedness.

# THE THOMSON CORPORATION

## Financial Information

### Segmented information

(millions of US dollars)

The principal activities of The Thomson Corporation (TTC) are newspaper publishing, specialized information and publishing, and leisure travel. TTC operates principally in the UK, the US, Canada, Australia and Scandinavia.

Business segment	Sales		Depreciation		Operating profit	
	1990	1989	1990	1989	1990	1989
Thomson Newspapers	1,158	1,081	35	29	282	317
Thomson Information / Publishing <sup>(1)</sup>	2,315	1,993	89	71	372	325
Thomson Travel <sup>(2)</sup>	1,891	2,038	55	53	72	—
	5,364	5,112	179	153	726	642

	Acquisition of businesses		Additions to fixed assets <sup>(3)</sup>		Assets	
	1990	1989	1990	1989	1990	1989
Thomson Newspapers	278	73	124	119	2,177	1,881
Thomson Information / Publishing <sup>(1)</sup>	37	1,129	162	183	4,176	3,810
Thomson Travel	—	—	38	45	1,060	910
Corporate cash and other	—	—	—	—	447	354
	315	1,202	324	347	7,860	6,955

Geographic segment	Sales		Operating profit		Assets	
	1990	1989	1990	1989	1990	1989
United Kingdom	2,684	2,703	166	87	2,509	2,080
United States	1,954	1,692	426	393	4,503	4,095
Canada	577	589	116	150	496	472
Other countries	149	128	18	12	352	308
	5,364	5,112	726	642	7,860	6,955

(1) Thomson Information / Publishing includes the operations of Thomson Regional Newspapers in the UK.

(2) Thomson Travel's operating profit includes \$45 million (1989—nil) of profits arising on the disposal of aircraft and excludes \$49 million (1989—\$44 million) of net interest income.

(3) Additions to fixed assets are shown net of proceeds from disposals of \$158 million (1989—\$24 million), of which \$146 million (1989—\$11 million) principally relates to aircraft and spares.

The rates of exchange used to translate amounts expressed in the principal currencies other than US dollars are as follows:

	1990	1989
<i>Pounds sterling (£1 / US \$)</i>		
Average for the year	\$1.79	\$1.64
At December 31	\$1.93	\$1.61
<i>Canadian dollar (Cdn \$1 / US \$)</i>		
Average for the year	\$0.85	\$0.85
At December 31	\$0.86	\$0.86

## Notes to consolidated financial statements

*(unless otherwise stated, all figures are in millions of US dollars)*

### 1. Summary of significant accounting policies

#### *Principles of consolidation*

The consolidated financial statements of The Thomson Corporation (TTC) include all companies in which it holds more than a 50 % interest and are prepared in accordance with accounting principles generally accepted in Canada.

#### *Foreign currency*

Assets and liabilities of subsidiaries denominated in currencies other than US dollars are translated at December 31 rates of exchange. The results of operations denominated in currencies other than US dollars are translated at average rates of exchange for the year. Currency gains or losses arising from the translation of the investment in subsidiaries and gains or losses arising from the translation of foreign currency debt that has been designated as a hedge of the net investment in subsidiaries are accumulated and shown as a separate component of shareholders' equity. Other currency gains or losses are included in earnings.

#### *Inventories*

Inventories are comprised principally of finished goods and are valued at the lower of cost and net realizable value. Cost is determined principally on a first-in, first-out basis.

#### *Property and equipment*

Property and equipment are recorded at cost and depreciated on a straight line basis over their estimated useful lives.

#### *Aircraft and spares*

The fleet of aircraft, including the aircraft held under finance leases, is depreciated on a pool basis over its estimated useful life; annual depreciation takes account of the number of seat hours flown during the year. Spares are recorded at cost and depreciated on a straight line basis over their estimated useful lives.

#### *Publishing rights and circulation*

Publishing rights and circulation are recorded at acquisition cost. Based on annual reviews, any permanent impairment in the value of publishing rights or circulation is written off against earnings.

#### *Goodwill*

Goodwill represents the excess of the cost of the investment in acquired businesses over values attributed to underlying net tangible assets, publishing rights and circulation. Goodwill is amortized over periods not exceeding forty years, and, based on annual reviews, any permanent impairment in the value is written off against earnings.

*(continues on page 36)*

# THE THOMSON CORPORATION

## *Financial Information*

(continued from page 35)

### *Deferred revenue*

Inclusive tour revenue due in advance is included in deferred revenue until the date of tour departure.

Subscription revenue received in advance of the delivery of services or publications is included in deferred revenue and as services are rendered or publications sent to subscribers the proportionate share is recognized as revenue.

### *Deferred income taxes*

The tax allocation method is followed in providing for income taxes whereby earnings are charged with income taxes relating to reported profits. Differences between such taxes and taxes currently payable, which result from timing differences between the recognition of income and expenses for accounting and tax purposes, are reflected as deferred income taxes.

## 2. Merger

On June 5, 1989, Thomson Newspapers Limited (TNL) and International Thomson Organisation Limited (ITOL) merged to form TTC. The merger was accounted for on a pooling of interests basis and financial information for TTC is presented as if TNL and ITOL had been combined since their inception.

The following is a summary of the financial position as at January 1, 1989 and a summary of the earnings for the six months ended June 30, 1989 of TNL and ITOL:

Financial position as at January 1, 1989:	TNL	ITOL	TTC
Total assets	1,685	3,615	5,300
Total liabilities	710	2,261	2,971
Shareholders' equity	975	1,354	2,329
	1,685	3,615	5,300

### Six months ended June 30, 1989 (unaudited):

Sales	527	1,767	2,294
Earnings before extraordinary item	102	48	150
Extraordinary item	—	475	475
Net earnings	102	523	625

All of the outstanding common shares of each of TNL and ITOL on the date of the merger were converted into common shares of TTC on the basis of 1.67 TTC common shares for each TNL share and one TTC common share for each ITOL common share.

## 3. Other income and expense

	1990	1989
Amortization of intangibles	(44)	(34)
Corporate costs	(25)	(26)
Net non-operating (losses) profits	(15)	30
	(84)	(30)

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**4. Net interest expense and other financing costs**

	1990	1989
Interest income	97	98
Interest on long-term debt and finance leases	(174)	(141)
Interest on short-term indebtedness	(24)	(16)
	(101)	(59)
Dividends on preference shares of a subsidiary	(62)	(34)
	(163)	(93)

**5. Income taxes**

Income taxes as a percentage of income before taxes are 12.3 % (1989—12.5 %) which differs from the Canadian corporate tax rate of approximately 44 % (1989—44 %) due principally to the effect of lower tax rates in other countries.

**6. Dividends on common shares**

The directors of TTC (formerly ITOL) and, prior to the merger, TNL declared dividends payable on the following dates on the common shares of these companies (pound sterling equivalent dividends declared by The Thomson Corporation PLC (TTCPLC) on its TTC related common shares are also shown):

		1990
December 17, 1990	TTC — US 11.3 cents (5.7949p)	62
September 17, 1990	TTC — US 11.3 cents (6.2604p)	62
June 15, 1990	TTC — US 11.3 cents (6.9710p)	62
March 15, 1990	TTC — US 10.3 cents (6.1751p)	56
		242
		1989
December 15, 1989	TTC — US 10.3 cents (6.5025p)	56
September 15, 1989	TTC — US 10.3 cents (6.3502p)	56
June 15, 1989	TNL — US 17.2 cents	26
	ITOL — US 20.6 cents (12.1821p)	60
March 15, 1989	TNL — Cdn 18.5 cents, net of stock dividends	20
		218

Of the total dividends payable, \$113 million (1989—\$41 million) was reinvested in common shares issued under the dividend reinvestment plan, resulting in net cash dividend payments of \$129 million (1989—\$177 million).

**7. Earnings per common share**

The weighted average number of common shares outstanding for 1990 was 547,610,118 (1989—541,332,682). For the period prior to the merger, the earnings per share calculation was based on the weighted average number of TNL shares that would have been outstanding for the period and the outstanding ITOL common shares for the period.

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**8. Property and equipment**

	1990	1989
Land and buildings	555	471
Machinery and equipment	1,246	1,115
Machinery and equipment held under finance leases	142	—
	1,943	1,586
Accumulated depreciation	(650)	(543)
	1,293	1,043

Buildings and building improvements are depreciated over lives ranging from 10 to 40 years. Machinery and equipment, including machinery and equipment held under finance leases, are depreciated over lives ranging from 3 to 25 years.

**9. Aircraft and spares**

	1990	1989
Aircraft and spares	425	338
Aircraft held under finance leases	393	321
	818	659
Accumulated depreciation	(230)	(187)
	588	472

Aircraft and spares, including aircraft held under finance leases, are depreciated over lives ranging from 14 to 20 years.

**10. Long-term debt**

	1990	1989
Bank—secured 1992-1995	23	26
Bank—unsecured 1991-1996	948	1,042
Cdn \$ Eurobonds—unsecured 1994	105	105
Cdn \$ debentures—unsecured 1996	125	125
US private placements—unsecured 1994-1995	240	165
Other	3	12
	1,444	1,475
Portion included in current liabilities	(14)	(11)
	1,430	1,464

After taking account of hedging arrangements, long-term debt is denominated in the following currencies:

US dollars	1,369	1,423
Pounds sterling	42	8
Other currencies	33	44
	1,444	1,475

The average effective interest rate on the US dollar debt at December 31, 1990 was 8.3% (1989—9.0%).

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Maturities in each of the next five years and thereafter are: \$14 million in 1991, \$322 million in 1992, \$114 million in 1993, \$394 million in 1994, \$182 million in 1995, and \$418 million in 1996 and thereafter.

#### 11. Finance leases

Finance lease obligations, in respect of aircraft and newspaper presses, are as follows:

	1990	1989
Total future minimum lease payments	924	286
Imputed interest	(488)	(85)
	436	201
Portion included in current liabilities	(14)	(38)
	422	163
Aircraft	291	201
Newspaper presses	145	—
	436	201

The future minimum lease payments are \$45 million in 1991, \$56 million in 1992, \$57 million in 1993, \$59 million in 1994, \$54 million in 1995, and \$653 million in 1996 and thereafter.

The outstanding finance lease obligations, net of imputed interest, are denominated in the following currencies:

	1990	1989
Pounds sterling	406	201
US dollars	30	—
	436	201

The average imputed interest rate on finance lease obligations at December 31, 1990 was 9.9% (1989—5.4%).

#### 12. Preference shares of a subsidiary

The preference shares consist of:

- 225,000,000 9.75 % cumulative redeemable preference shares of £1 each issued on March 10, 1989 by TTCPLC to banks at par. TTCPLC has the option to redeem the shares at the issue price at any time. On or after June 30, 1994, the banks can require TTC to purchase the preference shares at par.
- 130,000,000 9.08 % cumulative redeemable preference shares of £1 each issued on March 19, 1990 by TTCPLC to a bank at par. TTCPLC has the option to redeem the shares at the issue price at any time. On or after June 30, 1995, the bank can require TTC to purchase the preference shares at par.
- 40,000,000 9 % cumulative redeemable preference shares of £1 each issued on September 28, 1990 by TTCPLC to a bank at par. TTCPLC has the option to redeem the shares at the issue price at any time. On or after September 29, 1995, the bank can require TTC to purchase the preference shares at par. The proceeds from this issue were contemporaneously used by TTCPLC to redeem its 40,000,000 7.67 % cumulative redeemable preference shares of £1 each.

Arrangements have been entered into which effectively hedge these obligations into floating rate US dollar obligations at an average cost of borrowing at December 31, 1990 of 6.5 %.

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### 13. Preference share capital

The number of shares outstanding and stated capital at December 31, 1990 and 1989 are as follows:

	Number of shares	Stated capital
Series I	8,000,000	148
Series II	6,000,000	110
Series III	4,000,000	74
Series IV	2,000,000	38
		370

The authorized preference share capital of TTC is an unlimited number of preference shares without par value. The directors are authorized to issue preference shares without par value in one or more series, and to determine the number of shares in and terms attaching to each such series.

#### *Series I, Cdn \$1.85 Cumulative Redeemable Retractable Preference Shares*

The Series I preference shares are non-voting and are retractable on October 15, 1991 at the option of the holder for Cdn \$25.00 per share and are redeemable after October 15, 1991 at the option of TTC until October 15, 1992 for Cdn \$25.50 per share, thereafter and until October 15, 1993 for Cdn \$25.25 per share, and thereafter for Cdn \$25.00 per share, together in all cases with accrued dividends. In the quarter ending December 31, 1991 and each succeeding quarter, TTC is required to make all reasonable efforts to purchase in the open market 1% of the Series I preference shares outstanding as of October 15, 1991 after deducting shares retracted on that date, unless the market price is in excess of the then applicable retraction price. Dividends are payable quarterly thereon at Cdn \$1.85 per share per annum. The total number of authorized Series I preference shares is 10,000,000.

#### *Series II, Cumulative Redeemable Floating Rate Preference Shares*

The Series II preference shares are non-voting and are redeemable at the option of TTC until December 30, 1991 for Cdn \$25.25 per share, and thereafter for Cdn \$25.00 per share, together in all cases with accrued dividends. Dividends are payable quarterly thereon at an annual rate of 70% of the Canadian bank prime rate applied to the stated capital of such shares. The total number of authorized Series II preference shares is 6,000,000.

#### *Series III, Cdn \$1.825 Cumulative Redeemable Retractable Preference Shares*

The Series III preference shares are non-voting and are retractable on December 30, 1993 at the option of the holder and are redeemable after December 30, 1993 at the option of TTC for Cdn \$25.00 per share, together in each case with accrued dividends. Dividends are payable quarterly thereon at Cdn \$1.825 per share per annum. The total number of authorized Series III preference shares is 4,000,000.

#### *Series IV, Cdn \$1.84375 Cumulative Redeemable Retractable Preference Shares*

The Series IV preference shares are non-voting and retractable on June 15, 1995 at the option of the holder for Cdn \$25.00 per share and are redeemable after June 15, 1993 at the option of TTC until June 15, 1994 for Cdn \$25.50 per share, thereafter and until June 15, 1995 for Cdn \$25.25 per share, and thereafter for Cdn \$25.00 per share, together in all cases with accrued dividends. Dividends are payable quarterly thereon at Cdn \$1.84375 per share per annum. The total number of authorized Series IV preference shares is 2,000,000.

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14. Common share capital

*TTC common shares*

	1990		1989	
	Number of shares	Stated capital	Number of shares	Stated capital
Balance at beginning of year	543,564,753	202	540,765,360	161
Issued (1)	9,277,863	113	2,799,393	41
Balance at end of year	552,842,616	315	543,564,753	202

(1) Common shares were issued during the year under the dividend reinvestment plan and, prior to the 1989 merger, in respect of TNL stock dividends.

The common shares are voting shares. The authorized common share capital of TTC is an unlimited number of shares.

Dividends on the common shares are declared and payable in US dollars. Shareholders have the option of receiving dividends on the common shares in equivalent Canadian funds.

Holders of the common shares may participate in the dividend reinvestment plan (the 'Plan') under which cash dividends are automatically reinvested in new common shares having a value equal to the cash dividend. Such shares are valued at the weighted average price at which the common shares were traded on The Toronto Stock Exchange during the five trading days immediately preceding the record date for each dividend. At the present time, only those shareholders resident in Canada or the UK may participate in the Plan.

*TTCPLC common shares*

Linked to 239,376,935 of the common shares of TTC (1989—236,799,395) are the same number of related common shares of TTCPLC of 1p each. Included in the stated capital of TTC is \$4 million (1989—\$4 million) in respect of these shares.

The TTCPLC common shares are non-voting and may be redeemed by TTCPLC at any time at their par value on not less than one month's prior notice. All of the voting ordinary shares of TTCPLC are held by TTC. The authorized common share capital of TTCPLC is 300,000,000 shares of 1p each.

Dividends will be paid on the TTCPLC common shares in pounds sterling unless the shareholder has elected to receive dividends on the related TTC common shares. Dividends on the TTCPLC common shares are payable in priority to dividends on the TTCPLC voting ordinary shares.

Holders of the TTCPLC common shares may also participate in the Plan. During 1990, 4,258,513 (1989—1,559,783) TTCPLC common shares of 1p each were issued under the Plan.

If at any time, any TTCPLC common shares are both registered on the Canadian branch register of TTCPLC and held by shareholders who have elected to receive dividends on their common shares of TTC rather than the related TTCPLC common shares, such TTCPLC common shares will be redeemed by TTCPLC at par. During 1990, 1,680,973 (1989—1,689,831) TTCPLC common shares were redeemed in this way. As a result of the merger of ITOL and TNL in 1989, 55,720,313 TTCPLC common shares were redeemed at par.

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**15. Pension plans**

TTC maintains pension plans which cover most of its employees. TTC uses the accrued benefit actuarial method and best estimate assumptions to determine pension costs, liabilities and other pension information for defined benefit plans.

Aggregate defined benefit plan details:	1990	1989
Pension expense for the year	10	16
Present value of accumulated benefit obligation as at December 31	390	349
Market value of plan assets as at December 31	544	519

Pension expense for the year in respect of defined contribution plans is \$10 million (1989—\$11 million).

**16. Contingencies and commitments**

*Operating leases*

Operating lease payments in 1990 were \$115 million (1989—\$131 million). The future minimum operating lease payments are \$115 million in 1991, \$106 million in 1992, \$91 million in 1993, \$77 million in 1994, \$66 million in 1995, and \$474 million in 1996 and thereafter.

*Capital commitments*

Capital expenditures contracted for but for which no related liability was incurred at December 31, 1990 amounted to \$479 million, including \$391 million in respect of aircraft for delivery in 1991-1993.

**17. Acquisitions and dispositions**

Several businesses were acquired during the year for an aggregate cash consideration of \$315 million, of which \$272 million was for the acquisition in March of five daily newspapers and several associated weekly publications in the US.

Of the \$1,202 million spent on acquisitions in 1989, \$815 million was for the acquisition of The Lawyers Co-operative Publishing Company in the US.

These acquisitions have been accounted for on the purchase basis and, where applicable, amounts shown have been translated into US dollars at the exchange rates at the dates of acquisition. The consolidated financial statements include the assets, liabilities and the results of acquired businesses from the respective dates of acquisition.

	1990	1989
Working capital including cash of \$1 million (1989—\$15 million)	5	(8)
Property and equipment	37	72
Publishing rights and circulation	203	834
Goodwill	79	285
Other assets	—	72
Long-term debt and other liabilities	(9)	(53)
Cost	315	1,202

THE THOMSON CORPORATION  
*Financial Information*

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Allocations related to certain acquisitions may be subject to adjustment, pending final valuation.

Certain businesses were sold in 1990 for a total cash consideration of \$56 million (1989–\$50 million).

**18. Extraordinary item**

On March 6, 1989, TTC sold its North Sea oil and gas interests for a net cash consideration of \$558 million and realized a net gain of \$475 million which was accounted for as an extraordinary item.

TTC has indemnified the buyer against certain liabilities including those associated with the Piper Alpha platform accident in July 1988. TTC believes that no material future provision will be required with respect to this indemnity.

In 1989, cash used for discontinued oil and gas operations included \$96 million of petroleum revenue tax paid relating to the insurance proceeds received in 1988 on the loss of the Piper Alpha platform.

The Canadian Institute of Chartered Accountants issued a new accounting standard, effective January 1, 1990, which severely restricts the nature of items which may be classified as extraordinary items. TTC has applied this new standard prospectively. Accordingly, the \$475 million extraordinary item shown in 1989 has not been reclassified.

**19. Financial instruments**

In the ordinary course of business, TTC enters into hedging arrangements through the forward currency exchange and swap markets to minimize its exposure to currency and interest rate fluctuations.

**20. Segmented information**

See page 34.

**21. Comparative figures**

The comparative figures have been reclassified where necessary to conform with the current year's presentation.

# THE THOMSON CORPORATION

## Major Businesses and Products

THOMSON NEWSPAPERS *North America*  
*Publishers of the largest number of daily newspapers*  
*in both the United States and Canada serving mainly*  
*small to medium-sized communities.*

### CANADIAN DAILY NEWSPAPERS

**British Columbia**  
 KELOWNA *Daily Courier*  
 NANAIMO *Daily Free Press*  
 PENTICTON *Herald*  
 VERNON *Daily News*  
 VICTORIA *Times-Colonist\**

**Alberta**  
 LETHBRIDGE *Herald*

**Saskatchewan**  
 MOOSE JAW *Times-Herald*  
 PRINCE ALBERT *Daily Herald*

**Manitoba**  
 BRANDON *Sun\**  
 WINNIPEG *Free Press\**

**Ontario**  
 BARRIE *Examiner*  
 BELLEVILLE *Intelligencer*  
 CAMBRIDGE *Daily Reporter*  
 CHATHAM *Daily News*  
 CORNWALL *Standard-Freeholder*  
 GUELPH *Daily Mercury*  
 KIRKLAND LAKE *Northern*  
*Daily News*  
 LINDSAY *Daily Post*  
 NIAGARA FALLS *Review*  
 ORILLIA *Packet*  
 OSHAWA *Times*  
 PEMBROKE *Observer*  
 PETERBOROUGH *Examiner\**  
 ST THOMAS *Times-Journal*  
 SARNIA *Observer*  
 SIMCOE *Reformer*  
 SUDBURY *Star*  
 THUNDER BAY *Times-News /*  
*Chronicle-Journal\**  
 TIMMINS *Daily Press*  
 TORONTO *Globe and Mail*  
 WELLAND *Evening Tribune*  
 WOODSTOCK *Daily Sentinel-Review*

**Nova Scotia**  
 NEW GLASGOW *Evening News*  
 SYDNEY *Cape Breton Post*  
 TRURO *Daily News*

**Prince Edward Island**  
 CHARLOTTETOWN *Guardian /*  
*Evening Patriot*

**Newfoundland**  
 CORNER BROOK *Western Star*  
 ST JOHN'S *Evening Telegram\**

### UNITED STATES DAILY NEWSPAPERS

**Alabama**  
 DOTHAN *Eagle\**  
 ENTERPRISE *Ledger\**  
 OPELIKA-AUBURN *News\**

**Arkansas**  
 FAYETTEVILLE *Northwest*  
*Arkansas Times\**

**California**  
 BARSTOW *Desert Dispatch*  
 EUREKA *Times-Standard\**  
 OXNARD *Press-Courier\**  
 PASADENA *Star-News\**  
 SAN GABRIEL VALLEY *Daily*  
*Tribune\**  
 WHITTIER *Daily News\**  
 YREKA *Siskiyou Daily News*

**Connecticut**  
 ANSONIA *Evening Sentinel*  
 BRIDGEPORT *Post\**

**Florida**  
 KEY WEST *Citizen\**  
 MARIANNA *Jackson County*  
*Floridan\**  
 ORANGE PARK *Clay Today*

**Georgia**  
 AMERICUS *Times-Recorder*  
 CORDELE *Dispatch*  
 DALTON *Daily Citizen-News\**  
 GRIFFIN *Daily News\**  
 THOMASVILLE *Times-Enterprise*  
 TIFTON *Gazette*  
 VALDOSTA *Daily Times\**

**Illinois**  
 JACKSONVILLE *Journal Courier\**  
 MOUNT VERNON *Register-News*  
 STERLING-ROCK FALLS *Daily*  
*Gazette*

**Indiana**  
 ANDERSON *Herald-Bulletin\**  
 KOKOMO *Tribune\**  
 NEW ALBANY *Tribune\**  
 RENSSELAER *Republican*  
 TERRE HAUTE *Tribune-Star\**  
 VALPARAISO *Vidette-Messenger\**

**Iowa**  
 COUNCIL BLUFFS *Nonpareil\**  
 OELWEIN *Daily Register*

**Kansas**  
 ATCHISON *Daily Globe\**  
 LEAVENWORTH *Times\**

**Kentucky**  
 CORBIN *Times Tribune\**  
 RICHMOND *Register*

**Louisiana**  
 LAFAYETTE *Daily Advertiser\**

**Maryland**  
 CUMBERLAND *Times-News\**  
 SALISBURY *Daily Times\**

**Massachusetts**  
 FITCHBURG *Sentinel and Enterprise\**  
 TAUNTON *Daily Gazette*

**Michigan**  
 ADRIAN *Daily Telegram\**  
 BENTON HARBOR-ST JOSEPH  
*Herald-Palladium*  
 ESCANABA *Daily Press*  
 HOUGHTON *Daily Mining Gazette*  
 IRON MOUNTAIN *Daily News*  
 MARQUETTE *Mining Journal\**

**Minnesota**  
 ALBERT LEA *Tribune\**  
 AUSTIN *Daily Herald\**  
 FERGUS FALLS *Daily Journal*  
 WORTHINGTON *Daily Globe*

**Mississippi**  
 LAUREL *Leader-Call*

**Missouri**  
 CARTHAGE *Press*  
 MEXICO *Ledger*  
 SEDALIA *Democrat\**  
 SIKESTON *Standard Democrat*

**New Hampshire**  
 PORTSMOUTH *Herald\**

**New York**  
 HERKIMER *Evening Telegram*  
 NEWBURGH *Evening News\**  
 OLEAN *Times-Herald\**  
 OSWEGO *Palladium-Times*

**North Carolina**  
 ELIZABETH CITY *Daily Advance\**  
 MONROE *Enquirer-Journal\**  
 ROCKY MOUNT *Evening Telegram\**  
 SHELBY *Star*

**North Dakota**  
 DICKINSON *Press\**

**Ohio**  
 ASHTABULA *Star-Beacon\**  
 CANTON *Repository\**  
 CHARDON *Geauga Times Leader\**  
 CONNEAUT *News-Herald\**  
 COSHOCTON *Tribune\**  
 EAST LIVERPOOL *Evening Review*  
 GREENVILLE *Daily Advocate*  
 HAMILTON *Journal-News\**  
 LANCASTER *Eagle-Gazette\**  
 MANSFIELD *News Journal\**  
 MARION *Star\**  
 MIDDLETOWN *Journal\**

NEWARK *Advocate\**  
 PIQUA *Daily Call*  
 PORTSMOUTH *Daily Times\**  
 SALEM *News*  
 STEUBENVILLE *Herald-Star\**  
 WARREN *Tribune Chronicle\**  
 XENIA *Daily Gazette*  
 ZANESVILLE *Times Recorder\**

**Oklahoma**  
 ADA *Evening News\**  
 ENID *Morning News /*  
*Daily Eagle\**

**Pennsylvania**  
 ALTOONA *Mirror\**  
 CONNELLSVILLE *Daily Courier*  
 EASTON *Express\**  
 GREENVILLE *Record-Argus*  
 HANOVER *Evening Sun\**  
 KITTANNING *Leader-Times*  
 LEBANON *Daily News\**  
 LOCK HAVEN *Express*  
 MEADVILLE *Tribune*  
 MONESSEN *Valley Independent*  
 NEW CASTLE *News*  
 SHAMOKIN *News-Item*

**South Carolina**  
 FLORENCE *Morning News\**

**South Dakota**  
 MITCHELL *Daily Republic*

**Texas**  
 BIG SPRING *Herald\**  
 DEL RIO *News-Herald\**  
 HUNTSVILLE *Item\**  
 KERRVILLE *Daily News\**  
 MARSHALL *News Messenger\**

**Utah**  
 ST GEORGE *Daily Spectrum\**

**Virginia**  
 PETERSBURG *Progress-Index\**

**West Virginia**  
 BECKLEY *Register-Herald\**  
 BLUEFIELD *Daily Telegraph\**  
 CHARLESTON *Daily Mail\**  
 FAIRMONT *Times-West*  
*Virginian\**  
 WEIRTON *Daily Times*

**Wisconsin**  
 APPLETON *Post-Crescent\**  
 FOND DU LAC *Reporter\**  
 MANITOWOC *Herald-*  
*Times-Reporter\**  
 SHEBOYGAN *Press\**  
 WAUKESHA *County Freeman*  
 WEST BEND *News*  
 WISCONSIN RAPIDS *Daily*  
*Tribune*

\* Also publishes Sunday

# THE THOMSON CORPORATION

## Major Businesses and Products

### THOMSON INFORMATION/PUBLISHING GROUP

*In total, the information/publishing group has nearly 40,000 individual products including 147 magazines and 131 newspapers, over 32,000 books and directories, 177 on-line services and more than 6,000 other products, mainly newsletters, loose-leaf services, microform products and software packages.*

#### THOMSON INFORMATION SERVICES

United Kingdom

*Magazines, information services, legal, professional, scientific and academic publishing and local directories, based principally in the UK, Scandinavia and Australia. Principal companies and products include:*

##### Jane's Information Group

Jane's Fighting Ships  
Jane's All The World's Aircraft  
Jane's Defence Weekly  
Jane's Soviet Intelligence Review  
Jane's Airport Review  
International Defense Review  
Interavia Aerospace Review

##### Business Magazines

Construction News  
DR  
Meat Trades Journal  
Broadcast  
Screen International  
B & T Weekly (Australia)  
Factory Equipment News (Australia)  
Ragtrader (Australia)

##### Thomson Directories (50% partnership)

UK local directories

##### Derwent Publications

Chemical Patents Index  
Electrical Patents Index  
World Patents Abstracts  
World Patents Index on-line  
Customized Patents Profiles  
Ringdoc  
Biotechnology Abstracts

##### Thomson & Thomson

Thomson & Thomson search and watch reports for North American trademarks, logos and company names; North American and European copyrights, screen and literary titles  
TRADEMARKSCAN on-line US Federal and State trademark databases  
Compu-Mark multinational and US trademark searches, watches and directories, including the World Identical Screening Search  
Compu-Mark on-line UK trademark database  
Compu-Mark on-line US Federal and State database

#### International Thomson Professional Information

ICAEW Taxation Service  
Mortgage Finance Gazette  
Police Review  
Sweet & Maxwell  
The Supreme Court Practice  
Archbold: Criminal Pleadings  
Scots Law Times  
The Law Book Company (Australia)  
Australian Digest  
Australian Law Journal  
Laws of Australia  
Glass's Guide automobile services (51% holding) (UK and Australia)

#### Routledge, Chapman & Hall

Routledge  
Arden Shakespeare  
Tavistock Social Science  
Chapman & Hall  
Chemical Dictionaries  
Journal of Materials Science  
Spon Price Books  
Van Nostrand Reinhold  
Building Materials Market Research

#### Other Business Information Services

Glenigan construction services (UK)  
Byggfakta construction services (Norway)  
Byggfakta construction services (Sweden)  
Oy Rakennusalan Projektitiedosto construction services (Finland)  
Danish local directories  
Thomson Communications Scandinavia (trade magazines, Denmark)  
Karnov legal services (Denmark)  
RKI credit information services (Denmark)

#### International Thomson Publishing Services

Publishers' distribution services

#### THOMSON BOOK/REFERENCE GROUP

*North America*

*Specialized book publishing and library service group, serving worldwide markets in the education, professional/reference and library fields. Principal companies, imprints and products include:*

##### South-Western Publishing Co

Century 21 Accounting, 5th Edition  
Century 21 Keyboarding, Formatting and Document Processing, 5th Edition  
Accounting Principles, 16th Edition

Business Law, 10th Edition

College Keyboarding/Typewriting, 12th Edition

##### Boyd & Fraser

Computer Concepts with Microcomputer Applications

##### Wadsworth

Biology – The Unity and Diversity of Life  
The Practice of Social Research  
Software Tools  
Sociology  
Psychology

##### PWS-Kent

Calculus With Analytic Geometry  
Statistics for Management and Economics  
Algebra and Trigonometry  
Intermediate Accounting

##### Brooks/Cole

Foundations of College Chemistry  
Psychology: Themes and Variations  
Organic Chemistry  
Calculus

##### Heinle & Heinle

Entrades  
Allons-Y!  
ON Y VA!  
INTERCOM 2000

##### Gale Research

Encyclopedia of Associations  
Contemporary Authors  
Contemporary Literary Criticism  
Gale Directory of Publications and Broadcast Media

##### Nelson Canada

Math in Context 7-9  
New Networks 4-6  
Introduction to Government & Politics, 3rd Edition

##### Thomas Nelson Australia

Young Australia Mathematics (School)  
Informazing – Science Series (School)  
Keyboard and Document Processing (Tertiary)  
Simple Programme Design (College)

##### Nelson Price Milburn (New Zealand)

The Highgate Collection I & II (School)  
Book Bank (School)

# THE THOMSON CORPORATION

## Major Businesses and Products

### Thomas Nelson (UK)

Story Chest  
Tricolore  
Deutsch Heute  
Chemistry in Context  
Synthesis

### NFER-NELSON (UK)

Whole School Approach to Assessment Policy  
British Ability Scales, Revised Edition  
Reynell Developmental Language Scales  
Screentest  
Graduate and Managerial Assessment

### Delmar Publishers

Engineering Drawing and Design  
Foundations of Electronics  
The Nurse's Drug Handbook, 6th Edition  
Technology in Your World, 2nd Edition  
Agriculture and Technology

### Milady Publishing Company

Milady's Standard Textbook of Cosmetology  
The Professional Model's Handbook  
The Art and Science of Make-up

### Van Nostrand Reinhold (US)

Dangerous Properties of Industrial Materials, 7th Edition  
Van Nostrand's Scientific Encyclopedia, 7th Edition  
The New Professional Chef, 5th Edition  
Building Construction Illustrated, 2nd Edition

### Research Publications

The Times (London) Index  
US Patent Official Gazette on CD-ROM  
International Patent Documents  
Microform Publications and Collections

### Utias International

Library Automation Services and Products

### THOMSON PROFESSIONAL PUBLISHING

*North America*

*Publishers of information for professionals in the fields of law, tax, banking / financial services, accounting, business, real estate, data processing and engineering.*

### Bancroft-Whitney

*Publishers of analytical research product for California and Texas attorneys. Products include:*  
Deering's California Codes  
Official California Reports  
Witkin Summary of California Law  
Texas Jurisprudence  
Texas Jur Pleading and Practice Forms

### Callaghan & Company

*Specializing in corporate and commercial law, municipal law, federal practice, trial practice and tax law. Products include:*  
Mertens Law of Federal Income Taxation  
Nichols Cyclopedia of Legal Forms  
Uniform Commercial Code Reporting Service  
Estate and Personal Financial Planning

### The Carswell Company

*Publishers of legal treatises, law reports and loose-leaf encyclopedia. Products include:*  
The Canadian Abridgement  
The Canadian Encyclopedia Digest  
Mercer Pension Manual  
Western Weekly Reports

### Clark Boardman Company

*Publishers for the legal community with emphasis in securities regulation, intellectual property and criminal law. Products include:*  
Securities and Federal Corporate Law  
Lindey on Entertainment, Publishing and the Arts  
Law of Environmental Protection  
Taft Corporate Giving Directory

### Lawyers Cooperative Publishing

*Publishers of a broad range of legal analytical works including encyclopedias, treatises, annotated codes and specialized texts, all inter-referenced through the Total-Client Service Library system. Products include:*  
American Jurisprudence  
American Law Reports Systems  
United States Code Service, Lawyers' Edition  
United States Supreme Court Reports, Lawyers' Edition

### The Research Institute of America

*Leading publisher of analytical loose-leaf services, newsletters and books, specializing in tax, pension and employment law. Products include:*  
Federal Tax Coordinator  
The Employee Benefits Library  
Estate Planning Coordinator  
Real Estate Coordinator

### Richard De Boo Publishers

*Reference books and services for the legal, accounting and business community. Products include:*  
Canada Tax Service  
Ontario Corporations Manual  
Canada Legal Directory  
Canadian Payroll Manual

### Warren, Gorham & Lamont

*Publishers of professional books, loose-leaf services, newsletters, journals and directories, primarily in the fields of tax, banking, business, law, real estate, accounting, data processing and engineering. Products include:*  
Federal Income Taxation of Corporations and Shareholders  
Practical Accountant  
Real Estate Review  
Bankers Magazine

### THOMSON REGIONAL NEWSPAPERS

*United Kingdom*

*The leading publisher of regional newspapers, with the main titles in the three provincial capitals, Belfast, Cardiff and Edinburgh, and two other important regional centres, Newcastle and Aberdeen. Principal publications include:*

The Scotsman (Edinburgh)  
Belfast Telegraph (Northern Ireland)  
Western Mail (Cardiff)  
Press and Journal (Aberdeen)  
Evening Chronicle (Newcastle)  
Evening News (Edinburgh)  
South Wales Echo (Cardiff)  
The Journal (Newcastle)  
Evening Gazette (Teesside)  
Evening Express (Aberdeen)  
Lancashire Evening Telegraph (Blackburn)  
Evening Post (Reading)  
Sunday Sun (Newcastle)  
Chester Chronicle (Cheshire)  
Merthyr Express (Mid-Glamorgan)  
Crewe Chronicle (Cheshire)  
Sunday Life (Belfast)  
Scotland on Sunday (Edinburgh)  
Wales on Sunday (Cardiff)  
Herald & Post series at Luton, Bedford, Bishop's Stortford, St Albans, Northampton, Peterborough, Derby, Stoke, Leicester and Nottingham

### THOMSON BUSINESS INFORMATION

*North America*

*Publishers of a substantial number of business and professional magazines, directories, newsletters and other print and electronic information services, in the medical and automotive markets. Principal companies and products include:*

### Medical Economics Publishing

Medical Economics  
Patient Care  
Contemporary OB/GYN  
Drug Topics  
RN  
Dental Products Report

# THE THOMSON CORPORATION

## *Major Businesses and Products*

### **Medical Economics Data**

Physicians' Desk Reference (PDR)  
PDR for Non-Prescription Drugs  
American Health Consultants Newsletters

### **Mitchell International**

Mitchell Collision Estimating Guides  
Mitchell Dimension Manuals  
Mitchell Management Systems  
Mitchellmatix  
Mitchell Mechanical Repair Manuals  
Mitchell On-Demand

### **THOMSON FINANCIAL SERVICES**

#### *North America*

*Print and electronic screen and terminal services providing high value-added information to the professional financial services and banking communities. Principal products include:*

American Banker  
The Bond Buyer  
Munifacts and Munifacts Plus  
Muller Data Corporation  
Asset Backed Securities Information Services  
AutEx Trading Information Service  
Lost and Stolen Securities Information Center  
Alert  
Technical Data Global Markets Group including:  
Atlas  
Technical and Fundamental Bond Data  
Global Finance Foreign Exchange Information  
First Call  
Corporate Release  
Investext

Portia Financial Management and Portfolio Software  
Securities Data New Issues Database  
International Merger and Corporate Transaction Database  
Merger Management Report  
Spectrum  
Cadence  
ILX Market Data Services  
Thomson BankWatch  
International Financing Review  
Vigil On-Line Euromarket Service  
Journal of International Securities Markets

### **THOMSON TRAVEL GROUP**

#### *United Kingdom*

*One of the world's leading leisure air travel and holiday companies with market leadership positions in UK tour operating, travel retailing and leisure airline operations. Group sales revenue in 1990 was \$1.9 billion.*

#### **Thomson Tour Operations**

The UK's largest inclusive tour operator, carrying 3 million passengers in 1990, 30% of all Britain's package tour holidaymakers. Brands include Thomson Holidays, Skytours, Portland Holidays, Horizon Holidays, OSL, HCI and Wings.

#### **Britannia Airways**

Britain's leading leisure airline with a fleet of 38 Boeing 737s, 757s and 767 wide-bodied aircraft. In 1990, the airline carried 6.2 million passengers.

#### **Lunn Poly**

Through its chain of 503 holiday shops, Lunn Poly is now the leading retailer of overseas inclusive tours.

# THE THOMSON CORPORATION

## *Directors and Senior Management of The Thomson Corporation and its Principal Operating Groups*

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*(Community)*

F M Dundas  
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A R Megarry  
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*(Eastern)*

#### *United States*

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*(Central)*

J P Doyle  
*(Mid-West)*

J C Gleim  
*(Atlantic)*

S E Hindman  
*(Mid-South)*

D C Koch  
*(Community)*

R J Martin  
*(Metro)*

N F Monico  
*(Chicago)*

H Z Pappas  
*(Eastern)*

D L Smith  
*(Western)*

F S Sumner  
*(Southern)*

### VICE-PRESIDENTS— FINANCE

Richard D Anderson  
*Controller, United States*

Ronald B Mitchell  
*Treasurer*

Paul E Weeks  
*Controller*

### OFFICERS OF THOMSON INFORMATION / PUBLISHING GROUP

Robert C Hall  
*President / Chief Executive  
Officer, TIPG;  
President, Thomson  
Financial Services*

John A S Gill  
*Managing Director, Thomson  
Information Services*

Richard J Harrington  
*President, Thomson  
Professional Publishing*

J Gordon Paul  
*Chief Executive, Thomson  
Regional Newspapers*

Thomas A Paul  
*President, Thomson  
Book / Reference Group*

Peter H Shipman  
*Chairman, Thomson  
Business Information*

Henry G Ciocca  
*Executive Vice-President*

Gerald D Tenser  
*Vice-President*

Robert J Jachino  
*Non-executive Chairman*

### OFFICERS OF THOMSON TRAVEL GROUP

Paul Brett  
*Chairman / Chief Executive  
Officer*

Martin de S Brackenbury  
*Director—Development and  
Human Resources*

Roger D Burnell  
*Managing Director,  
Britannia Airways*

Michael Frith  
*Financial Director*

Charles E Newbold  
*Managing Director,  
Thomson Tour Operations*

Ian Smith  
*Managing Director, Lunn Poly*

# THE THOMSON CORPORATION

## REGISTERED OFFICE

*The Thomson Corporation  
Suite 2706  
Toronto Dominion Bank Tower  
PO Box 24  
Toronto Dominion Centre  
Toronto, Ontario  
M5K 1A1  
Canada*

## PRINCIPAL REGISTRAR

*Montreal Trust Company  
151 Front Street West  
8th Floor  
Toronto, Ontario  
M5J 2N1  
Canada*

## BRANCH REGISTRAR

*Ravensbourne Registration  
Services Limited  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
United Kingdom*

## AUDITORS

*Price Waterhouse  
1 First Canadian Place  
Suite 3300  
PO Box 190  
Toronto, Ontario  
M5X 1H7  
Canada*



*For information about any aspect of  
The Thomson Corporation please write to:*

CANADA  
*Suite 2706  
Toronto Dominion Bank Tower  
PO Box 24  
Toronto Dominion Centre  
Toronto, Ontario M5K 1A1  
Fax: (416) 360-8812*

UNITED STATES OF AMERICA  
*245 Park Avenue  
New York, New York 10167  
Fax: (212) 309-8708*

UNITED KINGDOM  
*The Quadrangle  
PO Box 4YG  
180 Wardour Street  
London W1A 4YG  
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